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ITALIAN AGRICULTURE UNDER FASCISM AND WAR

By N. William Hazen*

Agriculture is Italy's most important enterprise, engaging about 48 percent of the country's gainfully employed population. When the Fascists came to power in 1922, they had no definite agricultural policy; yet after 18 years of experimentation they have developed, as a means of attaining economic self-sufficiency, one of the world's most rigid systems of control over farm production and trade. Italy, however, still must depend on the outside world for many vital agricultural products. For this reason, the British blockade has more severely disorganized the Italian economic structure than has any other measure taken during the war.

One result of Italy's participation in the present conflict has been to cut off almost completely its trade with the United States and to reduce substantially American trade with all countries of the Mediterranean Basin. Unless war conditions in that region are eased, there is danger that all United States trade with the Mediterranean countries may be further curtailed.

PHYSICAL BACKGROUND

The total area of Italy, a little larger than the combined areas of the New England States and the State of New York, is 119,764 square miles, including the islands of Sicily and Sardinia. It is 1¼ times as large as the United Kingdom, but only slightly more than half the size of France. On December 31, 1938 Italy's total population was 44,069,000, or 368 persons per square mile, compared with 130,215,000 and 43, respectively, in the United States. In population Italy ranks after Russia and Germany among continental European countries.

Continental Italy is a long, narrow peninsula in the form of a boot, jutting out into the Mediterranean Sea. Its land frontiers are 1,200 miles long, bordered by France on the northwest, Switzerland on the north, and Germany and Yugoslavia on the northeast. The seacoast of 5,300 miles is bathed by the Mediterranean, designated along the Italian coast as the Ligurian Sea on the northwest, the Tyrrhenian on the west, the Ionian on the south, and the Adriatic on the east (see fig. 1).

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Figure 1.-Map of Italy.

Geographically considered, continental Italy may be divided into three sections: northern, central, and southern. Northern Italy is made up principally of the basin of the Po River, together with its valleys and slopes on both sides, including all of the broad plain extending from the foothills of the Apennine Mountains to those of the Alps. This section, comprising 7 of Italy's 18 provinces, includes the country's principal agricultural and industrial regions. Central Italy consists almost entirely of the Apennine mountain range, which crosses it from the northwest to the southeast, and includes Rome, the capital. In southern Italy the Apennines continue in a southeasterly direction.

The island of Sicily, off the coast at the extreme southern tip of the Italian boot, has an area of 9,860 square miles and is separated from the mainland by the Strait of Messina. Sardinia, the other principal Italian island, lies about 125 miles west of Italy proper and 7.5 miles south of the French island of Corsica, from which it is separated by the Strait of Bonifacio. Its total area is 9,187 square miles.

TOPOGRAPHIC FEATURES

Mountains: Italy is largely a mountainous country. It is shut in on the north and northwest by the lower Alps, while the Apennines (which reach a height of 9,560 feet at Monte Corno, in central Italy) extend from the foothills of the Alps along the Mediterranean coast practically the entire length of the peninsula. High mountain ranges form the core of Sicily and Sardinia. The principal nonmountainous sections of the country are the valley of the Po, lying between the Alps and the Apennines, and the Venetian plain, along the Adriatic Sea. These regions together make up only about one-fifteenth of the whole country.

Rivers: The Italian rivers are small and not always navigable, many of them merely mountain streams. The most important are the Po (the largest Italian river) and the Ticino in the north; the Adige in the northeast (Italy's second largest river, a third smaller than the Po); the Tiber - the largest river of peninsular Italy - and the Arno in the west; and the Liris and the Volturno in the south. The valleys of the Po and the Arno constitute the principal geographic feature of central Italy west of the Apennines. The principal rivers of Sicily and Sardinia are the Simeto and the Tirso, respectively.

Lakes: Italy has many lakes. The most important are Lake Maggiore and Lake Como in the north and Lake Trasimeno and Lake Bolsena in the central part of the country.

Marshes: Among the chief characteristics of the Italian countryside are the marshy and depopulated districts found in almost every section of Italy. These are lands below sea level where rain water finds no regular outlet or below the level of river courses whose outflow is barred by sand dunes. The waters become stagnant, forming sea valleys or marshlands capable of producing only fodder. Two large marshlands are particularly important: a strip of land in northeastern Italy bordering on the northern Adriatic and another to the west bordering on the central Tyrrhenian

Sea. The first extends fanwise for about 2½ million acres to the left and right of the Po River. The second, less uniform, is much larger, including the Tuscan, Roman, and Campania marshlands. Here are found also the famous Pontine marshes. In addition to these marshy districts, extensive swamps are found in southern Italy, especially in Puglie and Calabrie and in Sicily and Sardinia (see fig. 1).

CLIMATE AND RAINFALL

The southern latitude of Italy would make it one of the hottest countries in Europe were it not for the snowy Alps to the north and the seas bathing the coast of the peninsula. The climate varies greatly in different sections, often even within the same section. The northern plain is one of the coldest regions of the country, chilled by the cold winds of the Alps and shut off by the Ligurian Apennines from the warm breezes of the Mediterranean. Here the climate is typically continental, with very cold winters and hot summers, and only plants that can stand severe winter frosts are grown. The average winter temperature in Milan is 36.8° F., and that of summer 73.5°.

Proximity to the mountains is also responsible for the striking differences of climate within central Italy. Many sections of Tuscany and the provinces near Rome enjoy mild winters and are well adapted to the production of olives and vines. The temperature in Rome averages 45.8° F. in winter and 74.6° in summer, yet in the central range of the Apennines are found the coldest districts of Italy. Here snow begins to fall early in October, and heavy storms often occur as late as May.

The climate of southern Italy is much warmer than that of the rest of the country, and though large areas are covered by rugged mountains retaining snow for a considerable part of the year, the regions adjoining the sea enjoy a climate similar to that of Greece or the southern provinces of Spain. The average winter temperature at Taranto, in the south, is 51.2° F.; the summer temperature averages 76.1°.

In Palermo, Sicily, the average winter temperature is 52.1° F.; in the summer it is 75.2°. In Sassari, on the island of Sardinia, the temperature averages for winter and summer are 47.8° F. and 73°, respectively.

Rainfall diminishes from north to south. Thus the average yearly precipitation is 39.4 incles at Milan, in northern Italy; 34.4 inches in Rome; and only 18.3 inches at Taranto. In the islands, too, the annual precipitation is less than in northern or central Italy, being 29 inches at Palermo and 23.6 inches in Sassari.

IMPORTANCE OF AGRICULTURE

Despite the development of industrial production in Italy during the past quarter of a century, agriculture still remains the country's most important enterprise. The census of April 1936 showed that 8,750,000 persons, or more than 47.7 percent of those gainfully employed, were engaged in agriculture. The importance of

agriculture in the country's economic life increases as one goes southward. Thus, whereas in northern Italy the agricultural population accounts for only 42 percent of the total, it accounts for 51 percent in central Italy and 59 percent in the south. Furthermore, processing and marketing of farm products play an important part in Italian industry and trade.

Farming provides a large and increasing proportion of the national income, and the value of farm products in the export trade is significant. In 1936-1938 the average value of agricultural exports exceeded 250 million dollars, representing about 44 percent of all exports. Returns from agricultural production may be divided comparatively as follows: from cereals, 25 percent; livestock, 25 percent; wines, 20 percent; and fruits and vegetables, 15 percent. The remainder consists of industrial crops and forestry products.

LAND UTILIZATION

More than 92 percent of the total area consists of agricultural and forest land. Despite the fact that most of the country is mountainous, tillable land accounted for over 41 percent of the total area in 1929, followed by forests and pastures. Tillable land is all-important in Sicily, where it represents about 58 percent of the island's total area, and in central Italy, where it makes up more than half of the territory. It is proportionately least in Sardinia and northern Italy, where it accounts for 24.5 and 30 percent, respectively, of the total area. Fruit orchards are most numerous in Sicily and in southern Italy, while forest lands are important in northern and central Italy. The percentage of productive but uncultivated land is very small, indicating that there is little possibility of agricultural expansion (see fig. 2).

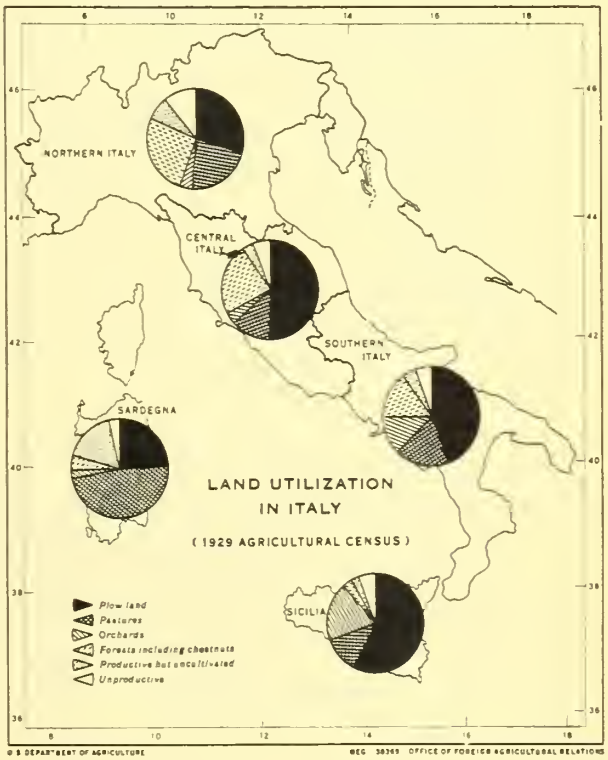

Figure 2.

By far the most important agricultural region is the valley of the Po River in northern Italy; next are the much smaller plains of central and southern Italy and the narrow stretches of flat country in Sicily and Sardinia.

In 1938 the country's total tillable land was 32.9 million acres, of which 18.3 million, or about 56 percent, were planted to cereals, 28 percent to meadows

and annual grass crops, about 14 percent to potatoes and other vegetables, and 2.3 percent to industrial crops. In that year the acreage planted to principal crops was as follows:

	1,000 acres	*Percent of tillable land*
Cereals:		
Wheat	12,426	37.7
Corn	3,724	11.3
Oats	1,107	3.4
Barley	492	1.5
Rice	367	1.1
Rye	257	0.8
Total	18,373	55.8
Potatoes and other vegetables:		
Beans, dried	2,861.4	8.6
Potatoes	1,053.1	3.2
Beans and peas, fresh	215.5	0.7
Tomatoes	116.1	0.4
Cabbage	106.8	0.3
Other truck crops	191.0	0.6
Total	4,543.9	13.8
Industrial crops:		
Sugar beets	335.6	1.0
Hemp	224.6	0.7
Flax	43.7	0.1
Cotton	90.7	0.3
Tobacco	81.5	0.2
Total	776.1	2.3
Planted meadows and annual grass crops	9,250.4	28.1
Total tillable land	32,943 4	100.0

TABLE 1.—*Land utilization in Italy, 1929*

LAND UTILIZATION	PERCENTAGE OF TOTAL LAND AREA					
	NORTHERN ITALY	CENTRAL ITALY	SOUTHERN ITALY	SICILY	SARDINIA	ALL ITALY
	Percent	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
Tillable land	29.8	50.5	44.7	57.7	24.5	41.5
Pasture	21.5	13.1	17.6	12.0	47.2	22.2
Orchards	4.0	3.6	12.8	18.8	2.6	8.4
Forests	26.7	23.7	15.2	3.4	5.1	14.8
Productive, but uncultivated	7.2	3.4	4.6	2.7	17.1	7.0
Total agricultural and forest lands	89.2	94.3	94.9	94.6	96.5	93.9
Unproductive	10.8	5.7	5.1	5.4	3.5	6.1
Total	100.0	100.0	100.0	100.0	100.0	100.0

Compiled from *Annuario Statistico Italiano*, 1939.

ITALIAN AGRICULTURAL ECONOMY

Diversity of crops. Because of the great regional differences in the altitude, soil, and climate of Italy, agriculture is highly diversified. Nearly all cereals are grown, from rye to rice; fruits, from apples to oranges; and industrial crops, from hemp to cotton. Similarly, farm practices and organization vary greatly from one region to another, ranging from the highly mechanized and commercialized farms of the northern plain to the primitive economy of the mountain districts of southern Italy and Sardinia. Almost everywhere, however, an intensive form of agriculture is practiced.

Farm ownership. Aside from the large number of farm laborers, representing an important proportion of the agricultural population, there are in Italy four distinct groups of farmers: the small landowner, the cash tenant, the sharecropper, and the absentee owner of the *latifondi*, or large estates.

Small-scale ownership exists throughout the country, though it is most important in the Po valley and throughout the south. In the north the land generally belongs to urban owners, who usually rent it to tenants under various systems. In the very small holdings of southern Italy and Sicily, on the other hand, fruits and vegetables are produced intensively by the owners.

The cash tenancy system prevails in northern Italy on large farms producing principally corn, rice, and dairy products. Sharecropping is widely practiced in central Italy. Here the small farms produce a large variety of crops, thus tending toward self-sufficiency. The sharecropper receives from one-fourth to one-half the crop and contributes an equal proportion in cultivation expenses.

The latifondist economy, based on large, primitive, and extensively cultivated estates, is found in southern Italy and in Sicily and Sardinia. The latifondi consist of undivided estates of from 500 to 2,500 acres, worked by laborers and their families hired by managers to whom the land is farmed out by the absentee owners. Sometimes the managers sublet the land in small plots to peasant families.

In 1930 there were 4.2 million farms in Italy, 59 percent managed by occupying owners, 13.5 percent by cash tenants, 12.7 percent by sharecroppers, and 14.8 percent by various combinations of these systems.

Size of farms. Except for the large commercial farms of northern Italy and the primitive latifondi of the south, most Italian farms are very small. The 1930 agricultural census shows that farms of less than 2.5 acres accounted for 35.6 percent of the total number, but represented only 2.5 percent of the total farm acreage. Another indication of the prevalence of small farms is the fact that 78.6 percent of the total number were less than 12.5 acres in size, accounting for only 19.6 percent of the total farm acreage. On the other hand large farms, though less numerous, occupied more than twice this area. Thus, farms exceeding 125 acres, representing only 2 percent of the total number of holdings, made up more than 41 percent of the total farm area (see table 2). In other words, despite the repeated pronouncements

of the Fascist Government to encourage the breaking up of large estates, in 1930 2 percent of the farmers still owned 41 percent of the farmland, while about 79 percent owned less than 20 percent.

TABLE 2. *Farm ownership and size of farms in Italy, 1930*

TYPE OF OWNERSHIP AND SIZE OF FARM	NUMBER OF FARMS		ACREAGE	
	TOTAL	PERCENTAGE OF TOTAL	TOTAL	PERCENTAGE OF TOTAL
	Thousands	*Percent*	*Thousands*	*Percent*
Type of ownership:				
Occupying owners	2,478	59.1	37,274	57.5
Cash tenants	566	13.5	8,249	12.7
Sharecroppers	531	12.6	10,272	15.8
Mixed	621	14.8	9,073	14.0
Total	4,196	100.0	64,868	100.0
Size of farm:				
Up to 1.25 acres	910	21.7	492	0.8
1.26 - 2.5 acres	581	13.8	1,103	1.7
2 6 - 7.5 acres	1,273	30.3	5,926	9.1
7.6 - 12.5 acres	533	12.7	5,170	8.0
12.6 - 25 acres	492	11.7	8,604	13.3
25.1 50 acres	254	6.1	8,737	13.5
50.1 - 125 acres	107	2.6	7,879	12.1
125.1 - 250 acres	26	0.6	4,404	6.8
250.1 - 1,250 acres	17	0.4	8,664	13.3
1,250.1 acres and over	3	0.1	13,889	21.4
Total	4,196	100.0	64,868	100.0

Compiled from *Annuario Statistico Italiano*, 1939

State control: The Italian Government controls agricultural production, trade, prices, and consumption - chiefly through the Fascist Party, the Ministry of Corporations, the Agricultural Corporations, the Ministry of Agriculture and Forests, and the Ministry of Foreign Trade and Exchange. During the past 10 years the agricultural policy of the Fascist Government has been directed solely toward the increase of farm production, with the object of attaining complete self-sufficiency. State aid to achieve this objective has consisted principally of raising the tariff barriers on essential imports, prohibiting importation of nonessential commodities, fixing the price of most domestic farm products, and reclaiming some marshlands for cultivation.

ORGANIZATION AND GOVERNMENT CONTROL OF AGRICULTURE

Before they took over the government in 1922 the Fascist leaders had no specific farm program. Even in the early years of the regime their only attempt in this direction was a wheat program outlined without much attention to the rest of Italian agriculture. The present rigid control of farm production and trade is, therefore,

the result of 18 years' experimentation with problems of agricultural self-sufficiency, fair returns to producers without undue price increases, employer-worker relationships, saving of foreign exchange, and accumulation of stocks in preparation for war.

At present Italian farmers and farm laborers, traders in and processors of farm products, and the consuming public are strictly regulated and controlled by a complicated government machinery continuously modified to fit the needs of the moment. Every rule or restriction adopted is declared to be in the interest of the Fascist Corporate State. Because of the totalitarian concept on which fascism is based, the Ministry of Agriculture alone does not regulate agricultural production and trade. Instead, the dictator of fascism, through numerous organizations responsible only to him, rigidly controls the entire economy, with agriculture as an important cog in the wheel. In order to understand how this totalitarian control functions, it is necessary to describe its component parts and their relation to agriculture. Briefly, the regulation of agricultural production and trade under fascism may be summed up under two classifications: (1) absolute and all-inclusive executive and political control; (2) corporative regulation of production and consumption.

Executive and political control over agricultural production and trade is exercised by the dictator, the Fascist Grand Council, and the Fascist Party. Corporative regulation of production and consumption is conducted through numerous agencies, including the National Council of Corporations, the Ministry of Corporations, the eight Agricultural Corporations, the syndical organizations, and the Ministries of Agriculture and Forests, Foreign Trade and Exchange, and Finance.

ABSOLUTE POLITICAL CONTROL

The Duce of Fascism and Head of the Government: The entire structure of the Corporate State is dominated by the supreme authority of a dictator, who is leader of the Fascist Party and head of the government.

The Duce is the center of the whole Fascist system, the axis of Italy's economic and political machine. The state, syndical, and corporate organizations making up the Fascist regime are in practice subject to him and their members bound to him by the party oath of absolute obedience. No legislation can be passed, no state plan approved or carried out, no undertaking of any importance can be instituted without the definite sanction or at least tacit consent of the Duce of Fascism.

The Fascist Grand Council: This organization is an assembly of leaders of the Fascist Party and represents the highest organ of political control in the Corporate State. It was established as the supreme council of their party immediately after the Fascists came into power, but was made a constitutional organ of the state by the law of December 9, 1928.

The head of the government, as president, calls the council into session and indicates the questions to be discussed. The General Secretary of the Fascist Party is secretary of the council. The sessions of the council are secret, and although

the press gives vague accounts of their deliberations, no complete information as to their proceedings and decisions is made public. However, because of the appointive character of this body, its independence of the dictator is problematical, and an accurate appraisal of its practical influence upon the policies of the regime is difficult. All that is known is that its opinion must be heard on all constitutional questions, such as the prerogatives of the Crown, the functions of the Senate and the Chamber of Guilds, the powers of the head of the government, and the syndical and corporate organizations. It also discusses organization matters of the Fascist Party, passes on important legislation and proposes new laws, and sanctions international treaties.

The Fascist Party: The present form of dictatorship in Italy could not be maintained without the full support of the Fascist Party, a quasi-military, hierarchical organization characterized by an intense personal loyalty to the Duce and sworn to obey his orders without question.

Besides the Fascist Party's importance in maintaining the dictatorship, its membership provides the personnel for key government positions. Within the organization no voting or elections are permitted. All authority comes from above; officers are appointed by their superiors. Decisions are made by the officers rather than by the rank and file.

The Party exercises strict political control over all government agencies and activities through its official representatives, who must pass on any government appointments before they are officially confirmed by law.

CORPORATIVE REGULATION OF PRODUCTION AND CONSUMPTION

The National Council of Corporations and the Central Corporate Committee
Aside from the agencies for executive and political control, the Italian Fascist State has established other government institutions, which fall into two categories, the syndical *(sindicale)* and the corporate *(corporativo)* Fascist theorists refer to the syndical group as insuring the "organization and discipline of the productive activities."[1] It comprises a system of organizations under government control, designed to represent workers and employers through separate groups with the object of regulating wages and other labor conditions by agreement.

Fascist corporativism, on the other hand, is defined as the "discipline of production (itself) and of productive aims in a national economic synthesis."[1] Theoretically the corporations are to carry through these corporate activities by their joint representation of capital, labor, and the state, and by dealing with prices, production, and commercial practices.

The National Council is at the top of the pyramid of agencies regulating production and consumption in the Fascist Corporate State. With its reorganization

[1] Field, G L , *The Syndical and Corporative Institutions of Italian Fascism*, Columbia Univ Press, New York City, 1938, p. 61

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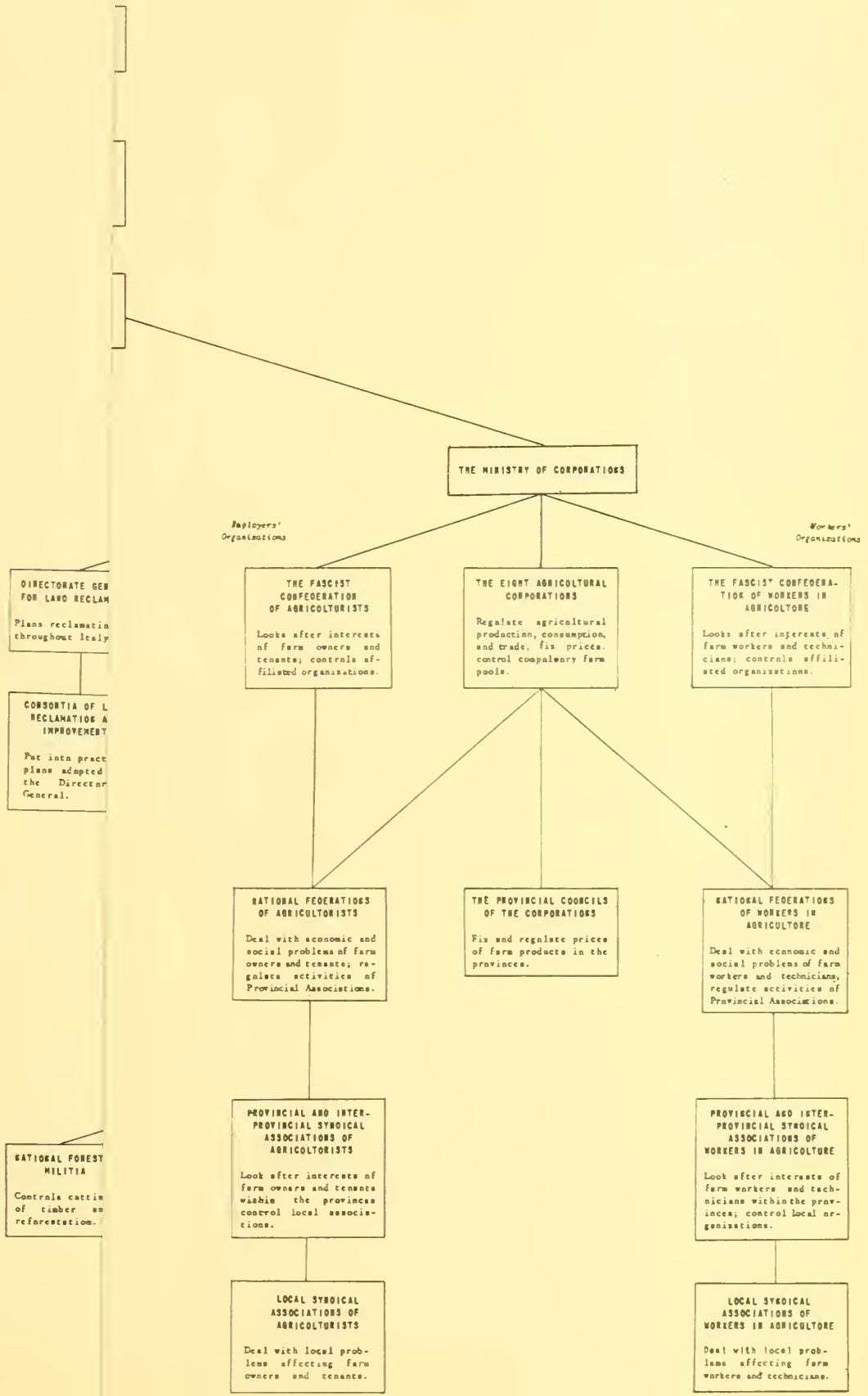
THE MINISTRY OF CORPORATIONS
Employers' Organizations
Workers' Organizations
DIRECTORATE GE
FOR LAND RECLAM
Plans reclamatin
throughout Italy
CONSORTIA OF L
RECLAMATION A
IMPROVEMENT
Put into pract
plans adopted
the Director
General.
NATIONAL FOREST
MILITIA
Controls cuttin
of timber an
refforestation.
THE FASCIST CONFEDERATION OF AGRICULTURISTS
Looks after interests of farm owners and tenants; controls affiliated organizations.
THE EIGHT AGRICULTURAL CORPORATIONS
Regulate agricultural production, consumption, and trade, fix prices, control compulsory farm pools.
THE FASCIST CONFEDERATION OF WORKERS IN AGRICULTURE
Looks after interests of farm workers and technicians; controls affiliated organizations.
NATIONAL FEDERATIONS OF AGRICULTURISTS
Deal with economic and social problems of farm owners and tenants; regulate activities of Provincial Associations.
THE PROVINCIAL COUNCILS OF THE CORPORATIONS
Fix and regulate prices of farm products in the provinces.
NATIONAL FEDERATIONS OF WORKERS IN AGRICULTURE
Deal with economic and social problems of farm workers and technicians, regulate activities of Provincial Associations.
PROVINCIAL AND INTER-PROVINCIAL SYNDICAL ASSOCIATIONS OF AGRICULTURISTS
Look after interests of farm owners and tenants within the provinces control local associations.
PROVINCIAL AND INTER-PROVINCIAL SYNDICAL ASSOCIATIONS OF WORKERS IN AGRICULTURE
Look after interests of farm workers and technicians within the provinces; control local organizations.
LOCAL SYNDICAL ASSOCIATIONS OF AGRICULTURISTS
Deal with local problems affecting farm owners and tenants.
LOCAL SYNDICAL ASSOCIATIONS OF WORKERS IN AGRICULTURE
Deal with local problems affecting farm workers and technicians.

CONTROL OF AGRICULTURAL PRODUCTION AND TRADE IN THE FASCIST CORPORATE STATE

THE DUCE OF FASCISM AND HEAD OF THE GOVERNMENT

Supreme Dictator of Italy; center of the Fascist Corporate State

THE FASCIST GRAND COUNCIL AND THE FASCIST PARTY ORGANIZATION

The Grand Council is the supreme organ deciding fundamental Party policies and coordinating the regime's activities. The Party is a quasi-military, hierarchical organization exercising political control over Italy's economic life.

THE NATIONAL COUNCIL OF CORPORATIONS AND THE CENTRAL CORPORATE COMMITTEE

The National Council is the supreme economic coordinator in the Fascist State. The Committee is the General Assembly of the Council and makes final decisions.

THE MINISTRY OF AGRICULTURE AND FORESTS

- **DIRECTORATE GENERAL FOR LAND RECLAMATION**
  Plans reclamation work throughout Italy.
  - **CONSORTIA OF LAND RECLAMATION AND IMPROVEMENT**
    Put into practice plans adopted by the Directorate General.
- **DIRECTORATE GENERAL FOR AGRICULTURE**
- **DIRECTORATE GENERAL FOR AGRICULTURAL PRODUCTION PLANS AND FINANCING**
  Formulates production plans, determines financial needs of agriculture, organizes farmers into collective sales organizations.
  - **NATIONAL FEDERATION OF CONSORTIA OF AGRICULTURAL PRODUCERS**
    Undertakes measures to improve, regulate, and control production. Controls compulsory farm pools.
    - **PROVINCIAL CONSORTIA OF AGRICULTURAL PRODUCERS**
      Apply measures dictated by the National Federation to improve, regulate and increase agricultural production in the provinces. Control farm pools.
  - **ITALIAN FEDERATION OF AGRICULTURAL CONSORTIA**
    The largest agricultural cooperative organization of Italy.
    - **PROVINCIAL AGRICULTURAL CONSORTIA**
      Provincial cooperative societies for the joint purchase of foodstuffs and machinery for resale to members.
- **NATIONAL FORESTRY MILITIA**
  Controls cutting of timber and reforestation.
- **PROVINCIAL OFFICES OF THE MINISTRY**
  Carry out the orders of the Ministry of Agriculture within provinces.
  - **LOCAL INSPECTORATES OF THE MINISTRY**
    Represent and perform the work of the Ministry in local communities.
- **OFFICE OF EXPERIMENT STATIONS**
  Promotes and coordinates activities of the various stations.

THE MINISTRY OF FOREIGN TRADE AND EXCHANGE

- **DIRECTORATE GENERAL FOR IMPORT SERVICE**
  Controls agricultural imports in collaboration with the Ministries of Agriculture and Corporations.
- **DIRECTORATE GENERAL FOR EXPORT SERVICE**
  Controls agricultural exports in collaboration with the Ministries of Agriculture and Corporations.

THE MINISTRY OF FINANCE

- **TOBACCO MONOPOLY**
  Controls production, manufacture, and sale of tobacco.

THE MINISTRY OF CORPORATIONS

Employers' Organizations

- **THE FASCIST CONFEDERATION OF AGRICULTURISTS**
  Looks after interests of farm owners and tenants; controls affiliated organizations.
  - **NATIONAL FEDERATIONS OF AGRICULTURISTS**
    Deal with economic and social problems of farm owners and tenants; regulate activities of Provincial Associations.
    - **PROVINCIAL AND INTER-PROVINCIAL SYNDICAL ASSOCIATIONS OF AGRICULTURISTS**
      Look after interests of farm owners and tenants within the provinces control local associations.
      - **LOCAL SYNDICAL ASSOCIATIONS OF AGRICULTURISTS**
        Deal with local problems affecting farm owners and tenants.
- **THE EIGHT AGRICULTURAL CORPORATIONS**
  Regulate agricultural production, consumption, and trade; fix prices; control compulsory farm pools.
  - **THE PROVINCIAL COUNCILS OF THE CORPORATIONS**
    Fix and regulate prices of farm products in the provinces.

Workers' Organizations

- **THE FASCIST CONFEDERATION OF WORKERS IN AGRICULTURE**
  Looks after interests of farm workers and technicians; controls affiliated organizations.
  - **NATIONAL FEDERATIONS OF WORKERS IN AGRICULTURE**
    Deal with economic and social problems of farm workers and technicians; regulate activities of Provincial Associations.
    - **PROVINCIAL AND INTER-PROVINCIAL SYNDICAL ASSOCIATIONS OF WORKERS IN AGRICULTURE**
      Look after interests of farm workers and technicians within the provinces; control local organizations.
      - **LOCAL SYNDICAL ASSOCIATIONS OF WORKERS IN AGRICULTURE**
        Deal with local problems affecting farm workers and technicians.

Plate 1.

under the law of March 20, 1930, the Council became the highest authority of economic coordination and control in the gradually forming Corporate State. Under this law major questions of economic policy were to be submitted to the Council for discussion, while its general assembly was to deal with problems of syndical organization, employment coordination, and the coordination of economic relations between the various branches of production. From 1930 to 1934 the National Council accomplished some useful work of economic coordination. Actual control of the Italian economic system, however, was never attempted. Moreover, the corporations established in 1934 took over most of the Council's work.

The most effective organ of the Council of Corporations is the Central Corporate Committee, established in 1926 to coordinate the work of the Council and serve in place of its general assembly when the latter recessed. By the law of April 18, 1935, the Committee's powers were expanded to include approval of rules and regulations adopted by the corporations and to make final decisions. The Committee now includes most of the members of the Cabinet and the highest officials of the Fascist Party and the syndical organizations. Since the spring of 1935 it has replaced the general assembly of the National Council of Corporations.

The Ministry of Corporations This Ministry was established by royal decree on July 2, 1926, as the government representative and controller of the syndical machinery in the Fascist State. Just as the Fascist Party exercises rigid political control over the syndicates and corporations, the Ministry of Corporations is empowered with strict supervision over and coordination of their work. More specifically, it approves bylaws of syndical organizations and their officials, supervises their activities, drafts labor legislation plans and directs the work of the 22 corporations, the National Council of Corporations, and the Central Corporate Committee, in each of which the Minister of Corporations is ex officio chairman.

The Agricultural Corporations Although the Fascist Government had tended toward a corporative system since 1926, it was not until 1934 that corporations as defined by the syndical laws of 1926 were established. Whereas the Fascist syndical system established in 1926 had grouped employers and workers into separate organizations and provided machinery for the regulation of labor relations and the settlement of labor disputes, the law of February 5, 1934, entrusted to the corporations the task of achieving "the collective regulation of economic relations and the unitary discipline of national production" said to be the ultimate aims of the Fascist Corporate State. The new law provided that a number of corporations be established by government decree within the leading branches of production, to be composed of an equal number of representatives from workers and employers syndical associations, of representatives of the Fascist Party, and a small number of technical experts. The powers of the corporations are of a consultative and conciliatory nature. They may advise on economic matters when requested by a government agency, are empowered to settle labor disputes, and may devise rules for the control of production.

The corporations include representatives of all economic activities involved in a complete production cycle, from the production of the raw material to the

marketing of the finished product. In accordance with this principle 22 corporations were established, divided into three groups, of which eight represent economic activities involving agricultural, industrial, and commercial operations. These corporations are known as the "agricultural" corporations. They are the corporations of (1) grains; (2) vegetable, flower, and fruit growing; (3) viticulture and wine production; (4) edible oils; (5) sugar beets and sugar; (6) animal husbandry and fishing; (7) forestry and wood products: and (8) textile products.

Membership in these corporations varies from 15 in the Corporation of Sugar Beets and Sugar to 58 in the Corporation of Textile Products. Aside from the representatives of employers and workers, each corporation must always have three representatives of the Fascist Party, as well as representatives of industry, commerce, and the consuming public.

From their establishment in 1934 to the spring of 1937 the corporations had not accomplished a great deal in the economic field. The decree of April 28, 1937, however, empowered them with direct commodity price control, previously exercised by political committees established during the Ethiopian campaign and the League of Nations' sanctions (November 1935 to June 1936). Moreover, with the recent drive for agricultural self-sufficiency the corporations have been entrusted with the preparation of detailed plans for attaining complete autarchy.

In practice, the corporations, like all other organs of the Fascist State, are under complete control of the Fascist Party. Members must be Fascists sworn to absolute obedience to the Duce and the party hierarchy. Moreover, since the Minister of Corporations presides over the corporations, and their decisions and recommendations must be approved by the Central Corporate Committee, it is doubtful whether any decision could be made without the approval of the head of the government and the Fascist Party. Actually, therefore, the corporations are little more than advisory organs whose recommendations depend upon the approval of the central government, with which all final decisions ultimately rest.

The Fascist Confederations of Agriculturists and of Workers in Agriculture. Since 1934, when the government-controlled syndical system of Italy was reorganized, the system has been made up of nine confederations, two dealing with agriculture: the Fascist Confederation of Agriculturists and the Fascist Confederation of Workers in Agriculture.

The former, representing the employers, is made up of four national federations representing the following categories: (1) landowners who employ tenant farmers or hired labor; (2) landowners who lease out their land; (3) persons who cultivate their own or leased land with the help of their families, but who may occasionally have recourse to outside labor; and (4) managers of agricultural enterprises.

The Fascist Confederation of Workers in Agriculture is also divided into four federations: (1) technical and administrative employers of agricultural or forestry enterprises; (2) tenant farmers and sharecroppers; (3) farm laborers; and (4) specialized agricultural, animal husbandry, and forestry trades.

Besides the two confederations and the eight national federations, there are in each province of Italy one provincial syndical association representing workers and one representing employers. These groups are affiliated with the national federation of the category represented. In small localities there are also local associations affiliated with the provincial groups.

These two groups of organizations, representing the employers and the workers, constitute an important part of the Fascist corporate system of production. Their main purpose is to look after the economic interests of their members and present their cases to the corporations. There is usually an equal number of organizations of employers and workers, and theoretically the two groups have the same voting power within the corporations. To qualify for government recognition an employers' organization must include in its membership the employers of at least one-tenth of the agricultural workers within its territorial jurisdiction. In the case of a workers' organization at least one-tenth of the workers must be represented.

The purpose of the confederations is to assure the coordination of the affiliated associations and to maintain discipline over them through a council, an executive committee, a president, and the directing officers and committees of affiliated organizations.

The national federations and the provincial and local syndical associations are organized similarly to the confederations. Elections and appointments of all officers must be approved by the Minister of Corporations, who maintains close contact with the national and provincial organizations of the Fascist Party in order that he may prevent the appointment of persons not wholly devoted to the Fascist cause. In practice this means that every syndical official, whether appointed or elected, must be a loyal Party member.

The Ministry of Agriculture and Forests: The Ministry deals principally with problems of farm production. Relations between farm owners and laborers and questions of prices, marketing, and consumption fall mainly within the jurisdiction of the Ministry of Corporations.

The Ministry of Agriculture and Forests is divided into the Directorates of Agriculture, Land Reclamation, and Agricultural Production, Plans, and Financing. The Directorate General for Agriculture includes the Provincial Offices and local Inspectorates of the Ministry, the Office of Experiment Stations, and the National Forestry Militia. Through these agencies the Ministry advises agriculturists on farm practices and the use of fertilizers and farm machinery, directs the "wheat campaign," performs weather forecasting services, directs animal husbandry programs, studies national food requirements, farm stocks, and trade movements in collaboration with the Ministry of Corporations and the National Council of Corporations, controls cutting of timber and reforestation, and promotes activities of agricultural experiment stations.

The Directorate General for Agricultural Production, Plans, and Financing formulates plans for and observes shifts in agricultural production, determines farm

financial needs, establishes principles for the compulsory pooling of farm products in collaboration with the agricultural corporations, decides on the commodities to be pooled, supervises farm insurance and the functioning of agricultural associations and cooperatives, and advises on the treatment of agricultural products in commercial treaties with foreign countries.

The two most important groups of farmers' organizations regulating farm production under the jurisdiction of the Directorate General for Agricultural Production, Plans, and Financing and the Agricultural Corporations are the Provincial Consortia of Agricultural Producers and the Provincial Agricultural Consortia. The Provincial Consortia, one of which was established in each province by the law of June 16, 1938, are composed of all landowners and tenants of the province, with the object of carrying out the production plans for autarchy through the control and development of farm production. The decree of February 2, 1939, stipulates that each provincial Consortium must consist of six sections, representing production of cereals, vines, olives, fruit and truck crops, textile fibers, and livestock. According to this decree these sections are intended to protect the interests of agricultural producers "in harmony with the economic interests of the nation."

In addition to assisting in improving farm practices and fighting diseases and pests, the Consortia must regulate production by the system of "crop licenses" and marketing through the administration of compulsory pools *(Ammassi)*, under which farmers must deliver their crops to the pool for collective sale. Thus the production and distribution plans worked out by the corporations are applied by these Provincial Consortia of Agricultural Producers in collaboration with the provincial syndical organizations of employers and workers. The Consortia are gathered into a National Federation of Consortia of Agricultural Producers.

The Provincial Agricultural Consortia were established in 1892 as cooperative societies for the joint purchase of foodstuffs, farm machinery, and seed for resale to members. The Consortia are grouped into a National Federation, which is the largest farm cooperative organization of Italy. By the decree of September 5, 1938, however, these groups have been converted from cooperative societies with limited liability into public utility associations working in close collaboration with the Provincial Consortia of Agricultural Producers, under the jurisdiction of the Ministry of Agriculture and Forests.

Another decree of February 2, 1939, lists the duties of the newly reorganized Provincial Agricultural Consortia as: (1) the purchase, for their own account or that of third parties, and the distribution of farm supplies and equipment among the farmers of the province; (2) the sale for cash or on credit, in Italy or abroad, of their own products or those of the provincial farmers, to the account of the Provincial Consortia of Agricultural Producers; (3) the administration, directly or in collaboration with the Provincial Consortia of Agricultural Producers, of factories for the production and processing of agricultural commodities; and (4) the rent or sale of farm machinery to farmers of the province and assistance in obtaining agricultural credit for them.

The Directorate General for Land Reclamation is in charge of all land reclamation work in Italy. It submits plans for new reclamation work to the National Council of Corporations and effectuates those adopted by that Council.

The Ministry of Foreign Trade and Exchange The law establishing this Ministry stipulates that it is charged with the regulation of imports, exports, economic relations with foreign countries, trade, payments, and in general all movements of or obligations involving exchange and capital, either shipped from or destined to foreign countries. The two sections of the Ministry that deal with foreign trade in agricultural products are the Directorate General for Export Service and that for Import Service. These agencies, in collaboration with the Ministries of Agriculture and Corporations, control Italian imports and exports of agricultural products. They determine the products to be imported, advise on import quotas and the countries from which imports are permitted, and decide on tariff rates and other import restrictions. They also determine the products to be exported, decide on subsidies or taxes to encourage or discourage exports, and advise on barter deals.

The *Ministry of Finance* controls tobacco production, manufacture, and sale through the Tobacco Monopoly.

AGRICULTURAL PRODUCTION

The most important crops of Italy are cereals - particularly wheat, corn, and rice - and fruits and truck crops, especially grapes, olives, citrus fruits, and tomatoes. Another valuable branch of agriculture is livestock production, which supplies meats and dairy products, particularly cheese.

THE "BATTLE OF WHEAT"

Cereal production is by far the most important agricultural enterprise in Italy, from both the economic and social viewpoint. About 56 percent of all tillable land, or nearly one-fourth of the country's total area is planted to cereals. Cereal production and trade employ a large portion of the population, and bread and other cereal products constitute an important element in the Italian diet.

Wheat is the most important of the cereals, accounting for over two-thirds of the total cereal acreage; in fact, it is the outstanding Italian crop, produced throughout Italy and occupying about 38 percent of all tillable land, or over 16 percent of the country's total area (see page 632). The wheat crop accounts for about one-sixth of the total value of Italian agricultural production. At present Italy is the third largest wheat-producing country in Europe, ranking after Russia and France. Moreover, Italians are great bread eaters; next to France, Italy has the highest per-capita consumption of bread in Europe.

Another outstanding feature of wheat consumption in Italy is the importance in the national diet of alimentary pastes (macaroni, spaghetti, etc.) made of durum

wheat. These pastes, of which more than a hundred types are manufactured, are used more extensively than potatoes. Italy has the largest per-capita consumption of durum wheat in the world and is second only to Russia as a producer of this variety.

The country's annual wheat requirements exceed 300 million bushels, of which about 260 million are used for consumption and 40 million for seed. During the 5-year period 1921-1925 wheat production averaged only 198 million bushels, so that large quantities of grain had to be imported. Italy has always been a wheat-importing country but during and immediately following the World War production fell far below requirements and much larger quantities had to be imported. Moreover, the short crop of 1924 resulted in heavy imports and high prices, which, in the face of the already passive balance of trade, further threatened an inflated currency. The Fascist regime new at that time resolved to reduce the large foreign imports in order to stabilize the currency. Since wheat was the principal import commodity of which domestic production could be expanded, the leaders decided in July 1925 to launch the *Battaglia del Grano* (Battle of Wheat).

The principal objective of this campaign was to increase domestic wheat production to free Italy of its dependence on foreign nations for bread. Though complete self-sufficiency has not yet been achieved, production, acreage, and yield have increased and imports have declined (see tables 3, 4, and 11). However, since total production has not increased so rapidly as imports have diminished, there has been a decided reduction in recent years in Italian wheat consumption (see table 14).

In the early stages of the campaign, government measures to encourage production consisted of granting credit facilities to wheat growers, building warehouses and grain elevators, reducing railroad freight rates, financing wheat experiment stations and, above all, maintaining Italian wheat prices above world market levels. Prices were maintained by imposition of import duties and in recent years by fixing domestic wheat prices and by strict government control of the wheat trade.

Effect on prices: For 10 years prior to the inauguration of the "Battle of Wheat" Italian wheat prices were almost identical with those on world markets. With the development of the wheat program, however, the erection of high tariff barriers on imported wheat, and the fixing of domestic wheat prices the disparity between world and Italian prices has continually increased during the past 15 years. Italian consumers have had to pay between 3 and 4 times the world market price of wheat. In the fall of 1939, for example, prices for the 1939-1940 crop were fixed at 135 lire per quintal for soft wheat and 150 for hard wheat - equivalent to $1.86 and $2.06 per bushel, respectively - compared with $0.54 per bushel in July 1939 at Liverpool and $0.73 per bushel for No. 2 hard amber durum at Minneapolis.

The increase in production, attained at tremendous cost to the Italian people, has also resulted from the increase in acreage, the intensive use of fertilizers, and the use of improved and early wheat varieties.

Increase in acreage: The area under wheat has been increased from 11.5 million acres in 1921-1925 to 12.5 million in 1934-1938. Some of the land newly planted to

wheat was previously used for pasture, and large plots of marginal farm land were also converted into wheatfields. This replacement has resulted in a reduction in livestock numbers (see table 5) and is slowly creating a "dust-bowl" condition that may react unfavorably on Italian agriculture. Similarly, since Italy is not a large producer of chemical fertilizers the decrease in wheat imports has been accompanied by an increase in imports of commercial fertilizers from a yearly average of 170,000 tons in 1923-24 (the 2 years prior to the "Battle of Wheat") to 250,000 in 1937-38.

Increase in yield: The planting of early-ripening varieties has reduced losses occurring, particularly in southern Italy, as a result of the hot spring and summer winds. The use of selected seed has also increased yields. The law of April 28, 1939, regulates production of seed grain.

Thus the combined use of fertilizers and early-maturing and selected varieties is solely responsible for the increase in yields during the past 15 years. The average wheat yield for the country as a whole increased from an average of 16.3 bushels per acre in 1921-1925 to 21.4 bushels in 1934-1938, an increase relatively high for a mountainous country with a climate not particularly favorable to wheat production. The highest yields are obtained in northern Italy, especially in the three provinces of Lombardia, Veneto, and Emilia, where returns of 35 bushels per acre are not uncommon. Yields decrease in the south, especially because of the unfavorable weather and soil conditions. Thus, whereas in northern Italy the average yield per acre in 1938 was about 28 bushels, in central Italy it was 20 bushels, and in southern Italy and the islands it averaged only 18 bushels.

Increase in production: As a result of the increase in acreage and improved methods of production the wheat crop has increased from a yearly average of 198 million bushels during 1921-1925 to an average of 267 million in 1934-1938 (see table 4). This is still less than the country's annual requirement of more than 300 million bushels. Only in years of favorable weather conditions during both growing and harvesting can Italy produce enough wheat to meet its domestic needs. Normally such ideal weather occurs only once every 3 or 4 years.

Almost the entire Italian wheat crop is of the winter type, hard red spring wheat accounting for only 2 percent of the total. The common variety is red, soft in texture, and resembles United States soft red winter wheat. Planting begins early in September and continues to the middle of January; harvesting begins in the latter part of May and ends late in August. Spring wheat is planted from the middle of December to the first week in May and harvested from the first of June through September. Yields of the winter varieties are higher than of the spring types; in 1938 the yields were 24 and 17 bushels, respectively.

Bread wheat makes up 78 percent of the crop; durum wheat the remainder. The durum is largely of the amber-colored kernel type, low in gluten content and rather starchy, and is grown almost entirely in southern Italy and in Sicily and Sardinia. Sicily produces most of this type. Although durum wheats are used chiefly for making semolina for macaroni, they are also milled for bread flour in sections producing exclusively this type of wheat.

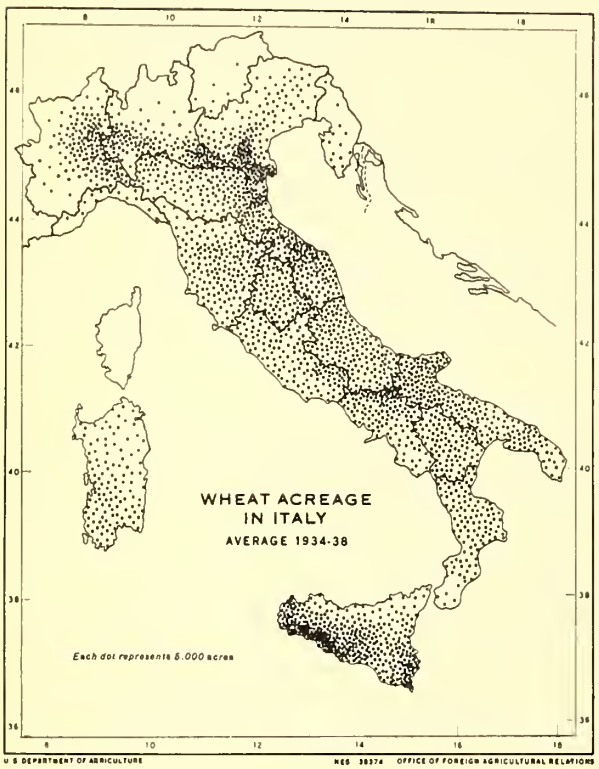

Figure 3.

Wheat is grown throughout Italy, 22 percent in mountainous regions, 50 percent on hillsides, and 28 percent on the plains; however, because of the favorable weather and soil conditions of northern Italy a large proportion is produced in this section. Thus, whereas in 1938 the northern provinces accounted for only 28 percent of the acreage, they produced 40 percent of the crop. Southern Italy produced 24 percent of the crop, central Italy 19 percent, and Sicily and Sardinia 17 percent (see fig. 3).

Government control: The Italian Government now controls all phases of wheat production and trade, from the acreage and type of seed to the ingredients in bread making. It fixes wheat and bread prices, controls the milling industry, and regulates foreign trade in wheat. From the beginning of the "Battle of Wheat" in 1925 to the middle of June 1939, this control was exercised largely through the Permanent Grain Committee, which, however, was abolished by the law of June 16, 1939. Its work has been taken over by the Corporation for Cereals, established in 1934 as one of the 22 corporations of the Fascist State.

Since the middle of 1936 the government has required that all wheat, both home-grown and imported, in Italy and its possessions must be delivered to compulsory wheat pools *(Ammassi)* for disposal. Mills must purchase their supplies only through the Provincial Consortia of Agricultural Producers, to whom the management of these pools has been entrusted by the Ministry of Agriculture.

At the beginning of the crop year farmers must report their wheat acreage to the Ammassi, who may then order an increase or decrease in acreage according to the requirements of the Ministry of Agriculture. At harvest the farmer's entire wheat crop, excluding 7 bushels for each member of his family[2] and 3 bushels of seed wheat per acre, must be turned over to the pools, which buy it at prices fixed by the government. The pools advance not less than 80 percent of the price, the balance to be paid after disposal of the grain. The farmer may not barter or use for payment the grain thus held, and any excess above actual needs must be delivered to the pools.

[2] From June 1936 to June 14, 1940, growers were allowed to keep 9 bushels each year for each member of their family. Since June 15, 1940, however, this has been reduced to less than 7 bushels per year per person.

The value of the wheat is advanced to the pools in full by banks authorized to transact agricultural credit. In each province the pools are placed under a Central Provincial Committee, which includes two representatives of landowners (one of whom must be a wheat farmer), a representative of the Provincial Consortia of Agricultural Producers, and a representative of farm workers. The quantities of wheat threshed every day must be reported to the Provincial Council of Corporations.

Millers may not choose the grain they are to mill. They may ask for a certain type but must accept whatever the pools decide to deliver. There are in Italy about 13,000 flour mills, 900 of which are large mills with a potential capacity of about 220 million bushels. The other 12,000 have a total capacity of 440 million. The mills in the first group grind wheat for account of the trade; most of the remainder grind for the farmer. In recent years the number of large modern mills has increased, while there has been a decrease in the number of small and antiquated types. In general the large modern mills are owned by companies or corporations and the small, old mills by families. Flour mills are scattered throughout Italy, the principal ones close to wheat-producing areas and near ports. The three leading milling ports are Naples, Genoa, and Venice.

The baking industry is organized as a section of the Corporation for Cereals, as are the large millers and wheat producers. Commercial bakeries are confined to cities. In the rural districts bread is baked in small, family-operated bakeries.

CORN

Corn is the second most important cereal produced in Italy, occupying over 11 percent of the tillable land and more than one-fifth of the area planted to cereals. Sixty percent of the acreage is found in northern Italy, where over 75 percent of the crop is produced. Central Italy is next in importance, followed by some of the southern provinces. Production in the extreme south and in Sicily and Sardinia is insignificant (see fig. 4).

About 20 percent of the crop is planted on mountain slopes, 35 percent on hillsides, and the remainder in valleys. Production consists of two crops, the first, representing about 85 percent of the total, planted from March to May and harvested from mid-July through October. Planting of the second, which accounts for the

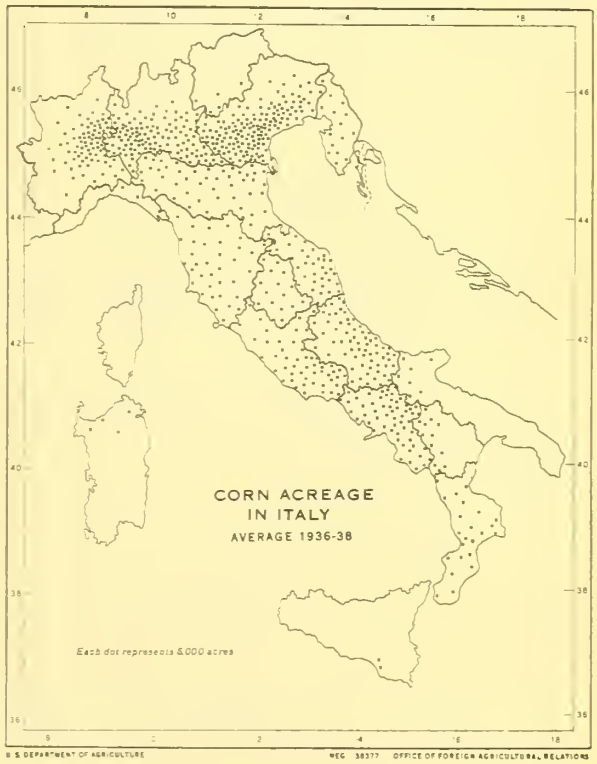

Figure 4.

remainder, occurs from the middle of April through August; harvesting from the latter part of August through November. Over half the Italian crop is used for human consumption - largely in northern and central Italy - especially for bread making in the form of corn flour mixed with wheat. The remainder is used for feed and seed.

Increase in production With government encouragement and assistance - especially in import restrictions, fixing of domestic prices, and increased use of fertilizers - production has recently increased, largely through increased yields rather than expansion of acreage. Whereas acreage increased from an average of 3.5 million acres during 1931-1933 to 3.7 million in 1936-1938, an increase of only 4 percent, production during the same period increased from 99 to 123 million bushels, or by 24 percent (see tables 3 and 4). Yield rose during this period from an average of 28 to 33 bushels. Yields are highest in northern Italy, where the average is approximately 40 bushels per acre, and decrease drastically from north to south, averaging 20 bushels in central Italy, 12 in the south, and only 10 in Sicily and Sardinia.

Government control Normal Italian corn requirements approximate 130 million bushels annually, so that despite the recent increase in production Italy still has to import some corn (see table 11). From 1934 to 1939 the maximum wholesale price of corn flour and later of corn was fixed by the government at the opening of the marketing season in order to prevent undue price increases. However, as soon as a large portion had been sold prices rose considerably above the fixed rates. With the view of assuring deliveries and preventing speculation, a system of compulsory corn pools was established by the decree of August 26, 1939, under which any corn produced in Italy or Italian colonies must be delivered to the pools, which alone can market it. Upon receipt of the corn the pools advance not less than 80 percent of the price fixed by the government, the balance to be paid after disposal of the grain.

During the 1939-40 season, up to October 1940, the government maintained a basic price for corn of 108 lire per quintal ($1.37 per bushel) paid producers by the pools. The average price at Chicago during July 1939 to June 1940, on the other hand, was only 56 cents per bushel. Although the high price paid Italian producers encourages expansion of production, it acts as a deterrent to consumption (see table 14).

The producer must deliver his crop to the pool after deducting quantities needed for his consumption and as feed and seed, determined by the Cereals Section of the Provincial Consortia of Agricultural Producers. If the quantities he has held prove to be in excess of such requirements, the surplus must be turned over to the pools. Corn held by the pools must be consigned to warehouses prescribed by the Cereals Section of the Provincial Consortia, which may decide to have it stored temporarily or for the season by the producer or holder. In this case the producer is responsible for the corn stored and receives compensation for storage costs. The pools alone can dispose of the crop on the domestic market.

Producers were reported dissatisfied when the system of compulsory Ammassi was adopted. Though the price paid them is almost $2\frac{1}{2}$ times that on the world market, compulsory delivery of all their grain prevents them from demanding prices above the fixed rates, especially at the end of the season, when corn is scarce.

TABLE 3.—*Acreage of principal crops in Italy, averages 1909-1913, 1921-1925, 1926-1930, 1931 1935; annual 1931 to 1938*

PRODUCT	AVERAGE 1909-1913	AVERAGE 1921-1925	AVERAGE 1926-1930	1931	1932	1933	1934	1935	AVERAGE 1931-1935	1936	1937	1938
	1,000 acres	*1,000 acres*	*1,000 acres*	*1,000 acres*	*1,000 acres*	*1,000 acres*	*1,000 acres*	*1,000 acres*	*1,000 acres*	*1,000 acres*	*1,000 acres*	*1,000 acres*
Wheat	11,793	11,573	12,083	11,883	12,185	12,587	12,274	12,367	12,259	12,693	12,781	12,432
Corn	4,090	3,792	3,740	3,450	3,579	3,536	3,685	3,572	3,564	3,680	3,634	3,728
Barley	647	576	578	538	520	510	491	491	510	482	483	492
Rye	346	309	305	304	288	282	278	271	285	261	259	257
Oats	1,276	1,194	1,255	1,146	1,103	1,107	1,049	1,058	1,093	1,075	1,076	1,093
Rice	358	316	356	359	335	331	330	341	339	358	357	367
Potatoes	759	840	870	1,019	1,022	985	989	1,003	1,004	1,053	1,043	1,053
Sugar beets	130	207	253	283	207	202	221	227	228	299	330	336
Tomatoes	(1)	(1)	[2] 121	111	102	98	108	117	107	114	120	116
Vines:												
Grown alone	(1)	(1)	2,051	2,491	2,429	2,439	2,473	2,370	2,440	2,355	2,367	2,387
Grown mixed	(1)	(1)	8,522	7,331	7,344	7,309	7,317	7,285	7,317	7,329	7,334	7,329
Olives:												
Grown alone	(1)	(1)	1,437	1,994	1,992	1,992	2,078	2,029	2,017	2,029	2,031	2,034
Grown mixed	(1)	(1)	4,209	3,173	3,151	3,146	3,052	3,383	3,181	3,333	3,341	3,343
Oranges:												
Grown alone	(1)	(1)	(1)	(1)	(1)	(1)	(1)	67	[3] 67	67	67	67
Grown mixed	(1)	(1)	(1)	(1)	(1)	(1)	(1)	59	[3] 59	59	59	59
Lemons:												
Grown alone	(1)	(1)	(1)	(1)	(1)	(1)	(1)	54	[3] 54	54	54	54
Grown mixed	(1)	(1)	(1)	(1)	(1)	(1)	(1)	57	[3] 57	57	57	57
Hemp fiber	200	388	217	160	133	141	152	167	151	185	214	225
Flaxseed	[4] 23	33	29	18	12	10	10	9	12	16	20	[5] 30
Flax, fiber	(1)	20	16	10	9	8	8	8	9	15	15	
Tobacco	20	75	97	103	99	87	87	82	92	80	79	82
Cotton	(1)	(1)	(1)	4	4	4	7	10	6	27	54	91

[1] Not separately reported. [2] 1930 only [3] 1935 only [4] 1913 only [5] Seed and fiber.

Compiled from *Annuario Statistico Italiano.*

RICE

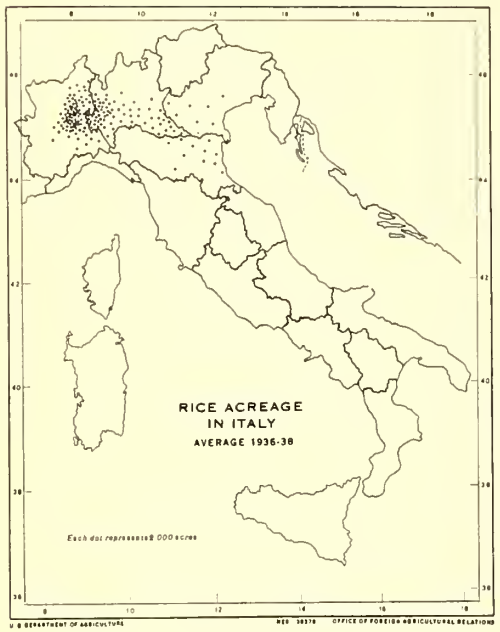

Figure 5.

Italy is by far the leading European rice-producer, normally growing about 70 percent of the European rice crop. The importance of rice to Italian agriculture may also be judged from the fact that it is the third most important cereal, ranking after wheat and corn. Although it occupies only 2 percent of the area under cereals, it represents about 8 percent of the cereal production. It is grown exclusively in northern Italy, where the fertile alluvial soil, level land, and uniform climate of the Po River valley are favorable to production. Piemonte and Lombardia together account for about 90 percent of the crop; the remainder is produced in the northern provinces of Emilia and Veneto (see fig. 5).

Farm practices: Two types of rice are produced in Italy, the long grain, which makes up the bulk of the better qualities, and the round grain, including most of the common varieties. Over half the crop is planted directly in open fields, and the remainder is first planted in seed beds and later transplanted to fields on which a crop of winter wheat has been harvested.

Planting takes place in April and May and transplanting in June and July, depending on the time of maturity of the wheat which the rice replaces. For the crop planted in open fields harvesting begins at the end of August and lasts until the first week in November. Harvesting of transplanted rice begins about the middle of September and ends the first week in November. Planting is usually by machinery; hoeing (in May, June, and July) and reaping are done by hand, the former largely by women and children. Commercial fertilizers, including nitrogen, potash, phosphates, and lime, are used almost exclusively.

Increase in production: As a result of government aid, acreage and production have increased in recent years. The principal increase, however, has been in yield, which is the world's highest, followed by that of Japan. Thus, whereas the acreage increased from a yearly average of 342,000 acres in 1931-1933 to 361,000 in 1936-1938, or by only 5 percent, production during the same period increased from 32.8 to 38.2 million bushels, or by 16 percent. The yield increased during this period from 96 to 106 bushels per acre, compared with only 49 bushels in the United States. These heavy yields result from intensive production, rational and frequent crop rotations, highly productive and disease-resistant seed, heavy fertilization (the rice districts are proportionately the largest fertilizer-using lands in Italy), and transplanting, introduced in 1914 and now practiced on more than a third of the acreage.

Normally about 70 percent of the crop is used for domestic consumption (heaviest in northern Italy), 10 percent for seed, and 20 percent for exportation. On the whole, rice is processed by modern methods. There are about 300 rice mills of all sizes, the largest and most modern in Piemonte and Lombardia.

Government control: Since 1931 Italian rice producers have been grouped in the *Ente Nazionale Risi* (National Rice Association), which controls prices and trade. Immediately prior to its establishment rice was selling at prices at which neither growers nor millers could make a profit. Moreover, heavy surpluses could not be exported except at a loss, and accumulated stocks further depressed domestic prices.

Under a decree of October 13, 1931, producers had to inform the Association within 3 days of all contracts for the sale of rough rice, indicating the purchase, quantity, price, and date of delivery. Sales were made only through brokers, after registration with the Association, and holders of stocks, except growers, reported the daily movement of grain from their warehouses. In August the Association fixed a basic price for rough rice to be maintained throughout the year. For each transaction the buyer paid the Association a percentage of the value to be fixed by the Board of Directors; the funds thus obtained were used to improve conditions in the industry.

A decree effective November 21, 1939, now compels producers to deliver their crops, with the exception of specified quantities for seed and for their own consumption, to official pools, which alone can trade on the Italian market. The National Federation of Provincial Consortia of Agricultural Producers, which by law regulates the compulsory pools established to control various crops, has delegated its powers in the case of rice to the National Rice Association. The Association is now empowered with the supervision of stocks, the fixing of prices, the sale of rice and rice products, and the financing of the pools.

The National Rice Association determines the quantities growers may retain for seed and for their own and their dependents' consumption. As the grain is threshed producers must, under penalty of heavy punishment, deliver their surplus production to the pools, which pay on delivery 80 percent of the price fixed by the Association[3], the balance to be paid after the rice is sold. Not only does the Association determine the qualities and prices of the rice to be delivered to the pools, but it also fixes the price at which the mills may sell their products to dealers.

WINES

Grapes are grown extensively throughout Italy. Grapevines occupy about 15 percent of the land under cultivation, surpassed only by the acreage under cereals. In 1936-1938 the average acreage planted in vineyards was 9.7 million acres, of which 7.3 million represented vines interplanted with other crops and 2.4 million were planted alone in commercial vineyards. Thus Italy has the world's largest acreage in vineyards, followed by France and Spain.

[3] In July 1940 the fixed basic price paid to growers by the pools was 107 lire per quintal of paddy rice equivalent to about $2.45 per 100 pounds.

Figure 6.

Production consists almost entirely of wine grapes. Of an average yearly output of 6.5 million tons of grapes during 1936-1938, 6.15 million were grapes used in wine production, and only 350,000 tons were table and wine grapes to be consumed fresh. Many varieties of wine and table grapes are produced, with various sections of the country specializing in specific types. Wine grapes are harvested from late August through November and table grapes from the first of July to mid-December.

Italy is second only to France as a producer of wine; normally its production exceeds one-fifth of the world's total. Not only is wine an important constituent of the Italian diet, but it accounts for about one-fifth of the total value of the country's agricultural production. Moreover, the number and importance of the allied industries, the volume of business they transact, and the labor they employ, place the industry among the leading productive activities of the country. The largest producing region is northern Italy, which normally accounts for about 40 percent of the total. Next in importance are central and southern Italy, accounting for 25 and 24 percent, respectively. Sicily and Sardinia produce only about 11 percent of the total (see fig. 6).

During the past decade some vines have been pulled out and replaced by other crops, especially wheat. Thus the acreage in vineyards was reduced from a yearly average of 10.6 million acres in 1926-1928 to 9.7 million in 1936-1938. Wine production accordingly declined from an average of 1.052 billion gallons in 1926-1928 to 985 million in 1936-1938. Despite this decline, Italian production is still more than 15 times as large as that of California. Most of the output consists of natural beverage wines, usually consumed within the year of the vintage.

Producers are grouped in one of three syndical organizations covering the agricultural, industrial, and commercial phases of production. Grape growers are members of the vine and wine section of the Fascist Confederation of Agriculturists; owners of establishments distilling wines, liqueurs, and vinegar belong to the Fascist Confederation of Industrialists; and wine merchants are members of the Fascist Confederation of Traders. The functions of the vine and wine sections include the promotion of improved methods of cultivation, control of diseases and pests, and institution of better practices. The government has recently encouraged production of finer wines.

TABLE 4 *Production of principal crops in Italy, averages 1909-1913, 1921-1925, 1926-1930, 1931-1935; annual 1931 to 1938*

PRODUCT	UNIT	AVERAGE 1909-1913	AVERAGE 1921-1925	AVERAGE 1926-1930	1931	1932	1933	1934	1935	AVERAGE 1931-1935	1936	1937	1938
		Thousands	*Thousands*	*Thousands*	*Thousands*	*Thousands*	*Thousands*	*Thousands*	*Thousands*	*Thousands*	*Thousands*	*Thousands*	*Thousands*
Wheat	Bushel	184,393	198,307	223,049	244,415	276,922	298,548	233,064	282,760	267,142	224,570	296,282	300,700
Corn	Bushel	100,349	94,793	97,527	76,618	118,718	101,986	126,013	98,268	104,321	120,115	133,684	115,706
Barley	Bushel	10,638	10,283	10,953	11,061	11,367	10,400	9,317	9,351	10,299	8,845	10,716	11,386
Rye	Bushel	6,317	6,100	6,401	6,521	6,313	6,739	5,607	6,225	6,281	5,204	5,701	5,428
Oats	Bushel	37,537	37,896	40,974	39,467	41,568	39,562	33,757	35,721	38,015	32,952	42,696	43,341
Rice, rough	Bushel	23,272	26,348	33,166	32,440	32,169	33,878	32,971	36,019	33,495	35,957	38,766	40,015
Potatoes	Bushel	67,514	65,852	71,340	72,184	104,238	87,232	99,637	79,333	88,525	96,836	118,082	108,356
Sugar	Ton	232	323	412	418	361	336	393	363	374	379	393	443
Wine	1,000 gallons	1,216	1,118	1,040	960	1,200	873	816	1,233	1,016	889	964	1,102
Olive oil[1]	Ton	181	205	209	248	224	181	233	233	224	167	295	187
Tobacco	Pound	22,964	72,060	98,061	102,955	101,632	97,884	100,089	102,073	100,927	93,034	94,577	92,814
Tomatoes	Ton	(2)	[3] 628	753	849	629	849	937	1,060	865	1,081	1,162	1,043
Oranges	Box	(2)	9,413	8,417	10,260	16,188	10,263	11,367	10,148	11,645	13,287	11,124	12,931
Lemons	Box	(2)	9,583	12,764	10,651	17,755	12,575	20,895	10,130	12,401	8,248	8,662	11,328
Apples	Bushel	(2)	(2)	[4] 12,029	10,311	14,968	11,597	12,819	10,665	12,072	13,278	15,348	11,482
Almonds, shelled[1]	Ton	(2)	(2)	[4] 40	17	28	33	34	33	29	34	33	44
Filberts, unshelled[1]	Ton	(2)	(2)	[4] 14	26	40	6	26	18	23	37	26[5]	17
Walnuts, unshelled[1 6]	Ton	(2)	(2)	[4] 287	280	260	310	325	385	312	255	410[5]	250
Silk, raw	Pound	8,524	9,486	10,153	7,244	7,760	7,496	6,788	3,806	6,619	7,068	7,053	4,417
Hemp, fiber	Pound	184,084	172,620	207,678	118,167	121,914	129,630	138,669	146,385	130,953	192,369	239,196	239,487
Flaxseed	Bushel	340	459	312	184	124	87	80	80	111	150	201	263
Flax, fiber	Pound	6,283	5,159	5,961	4,849	4,849	3,990	4,189	3,543	4,284	7,094	6,281	7,974

[1] Since 1929 estimates by the Office of Foreign Agricultural Relations. [2] Not separately reported. [3] Average 1922-1925
[4] Two year average, 1929-1930. [5] Preliminary. [6] In bags of 110 pounds.
Compiled from *Annuario Statistico Italiano.*

OLIVE OIL

Olive production, characteristic of all Mediterranean countries, is practiced extensively throughout almost all Italy. Its importance in Italian agriculture is shown by the fact that the acreage planted to olives is the fourth largest, after wheat, vines, and annual grass crops. Moreover, it supplies the raw material for an olive oil industry which in value and quantity ranks among the most important in the world, second only to that of Spain.

Farm practices: In Italy olive trees are planted alone in commercial groves or mixed with other fruit trees. Though the acreage of commercial groves is only two-thirds as large as that of the mixed crop, it supplies most of the olive oil production. During the past decade acreage has declined by about 7 percent, a decrease accompanied by a shift toward greater commercial production at the expense of mixed acreage. Thus, whereas in 1926-1928 the area under commercial groves averaged only 1.4 million acres, compared with 4.3 million grown with other fruits, in 1936-1938 the commercial area had increased to 2 million acres, while the mixed acreage declined to 3.3 million (see table 3).

Figure 7.

Commercial olive groves are most common in southern Italy, especially in the province of Puglie, which produces a third of the total. They are also found in Liguria, in northern Italy. Olive trees are grown with other crops in central Italy, especially in Toscana, Lazio, and Marche, as well as in the southern provinces of Abruzzi e Molise, Campania, and Calabrie, and in Sicily (see fig. 7).

Olive trees grow at altitudes of from 1,600 to 1,900 feet in central and southern Italy and up to 2,600 feet in the islands. Many varieties are produced, and it is not uncommon to find high- and low-yielding varieties grown together on the same land. Harvesting begins in September and ends in early May, according to the region and the use made of the harvested fruit.

Olives are picked by hand in only the best commercial orchards, specializing in producing first-run virgin oil for medicinal purposes. The general practice is to wait until the fruit falls from the trees, when it is gathered and

taken to the press. Because of the very low wages, olive gathering is largely by women and children. No attempt is made to pick over the fruit and discard the culls, which accounts for the high percentage of acidity in even first-run virgin oil. Recently, however, improvements have been introduced in production technique, especially in scientific use of fertilizers, pruning, and grafting, as well as control of pests and diseases. Normally a good crop is followed by a poor one.

Olive oil production: The Italian olive crop is used almost entirely for the extraction of oil, the domestic consumption of olives being comparatively low. The oil output varies considerably from year to year, depending on the size of the crop. However, as a result of improvement in production methods, an increase in output has been effected despite the reduction in acreage. Thus, whereas acreage declined during the past decade by about 7 percent, oil production rose from 196,000 tons in 1926-1928 to 216,000 in 1936-1938, or an increase of 10 percent. Normally about 60 percent of the oil is produced in southern Italy, over 20 percent in central Italy, and the remainder in northern Italy, Sicily, and Sardinia.

Most of the crop is pressed on farms or in small mills, though improved methods of extraction have recently been introduced. Sixty percent of the mills are in southern Italy, about 16 percent in Sicily and Sardinia, 14 percent in central Italy, and only 10 percent in the northern part of the country. Large olive oil refineries have been established in the past decade, the most important in Liguria, in northern Italy; the remainder are located chiefly in the southern and central provinces. The oil-refining industry obtains its raw material from both domestic output and imported, unrefined oil.

Olive oil is an important element in the Italian diet, and the domestic market consumes a large portion of the production. Production does not, however, meet domestic requirements; although substantial quantities are exported, since 1931 these have been exceeded by imports (see tables 9 and 11). Normally much of the importation consists of low-quality, unrefined oil, while most exports are of higher-grade, refined oil. The finest qualities are produced in the refineries of Liguria in the north, Toscana in central Italy, and Puglie in the south.

Government control: Production of and trade in olive oil are strictly regulated by the government under the decree of October 15, 1925. This regulation aims chiefly at suppressing frauds in the oil trade, safeguarding designations, prohibiting mixtures, and guaranteeing weights and values. In order to assure fair returns to producers and at the same time safeguard consumers' interests, the government as early as 1936 began fixing the maximum sale price of olive oil.

Another government control measure was adopted on October 12, 1939, when compulsory olive oil pools were established. This measure compels producers to deliver their oil to the pool at a specified price, after retaining for their own use about 44 pounds per person. As in the case of compulsory pools for other products, the pool pays the producer 80 percent of the price upon delivery and the balance when the oil is sold. At the beginning of every season the Ministry of Corporations fixes the sale price and the price to be paid producers.

CITRUS FRUIT

The climate and soil of Sicily and of the southernmost tip of Italy are favorable to the production of citrus fruit. The crop is grown chiefly on hill slopes, on soil of volcanic origin. Sicily normally produces about 72 percent of the crop. Here citrus orchards are the major source of revenue, responsible for an important and lucrative export trade. The southern provinces of Calabrie and Campania account for 15 and 9 percent of the production, respectively, and the remainder is found in Lazio and Puglie.

Lemons make up 45 percent of the citrus crop, oranges 43 percent, tangerines about 8 percent, and bitters, bergamots, and grapefruit the remaining 4 percent.

Citrus growers are affiliated with the Fascist Confederation of Agriculturists; distributors are organized in the Fascist Confederation of Merchants. In order to encourage citrus exports, an important source of foreign exchange, the government controls the export trade to assure buyers of careful packing and a uniform quality of fruit.

Figure 8.

Lemons: Until 1935 Italy was the world's largest lemon producer, followed by the United States. In recent years, however, Italian production has declined as a result of the spread of the disease known as *mal secco,* so that at present the United States holds first place and Italy second. Italy is still by far the world's largest exporter of lemons, supplying about 70 percent of those entering international trade. Most of the crop is produced on the volcanic slopes of the island of Sicily, which supplies over 90 percent of the output. The remainder is found in the two southern provinces of Calabrie and Campania.

During the past decade the destruction of Sicilian lemon trees by *mal secco* has been so great that it is estimated that not more than 44,000 acres are at present planted in commercial groves on that island, compared with 58,200 acres in 1929. Losses have been most extensive in the provinces of Catania and Messina, which was formerly the leading lemon producing region of Sicily. In the district of Palermo, where the spread of the disease must have begun as early as 1932, losses so far have been relatively limited.

Total Italian production has declined from a yearly average of 11.9 million boxes in 1926-1928 to 9.4 million in 1936-1938, or a decrease of 21 percent. Because of the Italian Government's need of foreign exchange, lemon exports in recent years have not been reduced in the same proportion as the decline in production (see tables 4 and 9). This has resulted in a substantial decrease in the quantities of lemons available for domestic consumption, from a yearly average of 5.1 million boxes in 1926-1928 to 3.6 million in 1936-1938, or a reduction of about 30 percent.

Lemons are picked the year around, though the largest part of the crop ripens in the winter months. Summer lemons, known by the trade name of *Verdelli*, now account for not more than 15 to 20 percent of the crop, although in some years of the past decade they represented up to 25 percent of the total.

Oranges After Spain, Italy is the largest orange producer in Europe. Italian orange production, in contrast with its production of lemons, has increased during the past decade from a yearly average of 7.9 million boxes in 1926-1928 to 12.4 million in 1936-1938, or a gain of more than 55 percent. The largest and richest orange groves of the country are found on the volcanic slopes of Mount Etna, in Sicily, which accounts for over 58 percent of the crop. Next in importance are Calabrie and Campania, in the south, which produce over 20 and 13 percent of the output, respectively. The remainder of the crop is found in Lazio and Puglie.

Oranges also are grown alone in commercial groves or mixed with other crops. The commercial acreage is slightly larger than the mixed - 67,000 acres compared with 59,000. The crop consists almost entirely of winter oranges. The picking season begins in November in Sicily and Calabrie, but large shipments begin only in December, continuing uninterruptedly through April. In January large quantities of blood-oranges, both pulp and rind of a deep red color, appear on the market. These are most important in the export trade.

Tangerines: Italy is the largest tangerine producer in Europe. Of an estimated total of about 46,000 acres, only about 7,000 are in commercial groves, and the remainder are planted with other crops. Production, which has steadily increased during the past decade, averaeed 3 million boxes of 40 pounds during the 4-year period 1935-1938.

Like lemons and oranges, Italian tangerines are grown chiefly on the volcanic slopes of Sicily. This island produces over 75 percent of the crop, while Campania and Calabrie account for 18 and 3 percent, respectively.

Tangerines reach the market in November. The season is at its height in December, when large quantities are shipped for the holiday trade. Shipments fall off in January and end in February.

TOBACCO

Since the second half of the nineteenth century many improvements have been introduced in the production and handling of Italian tobacco, giving rise within a

few decades to a modern industry. A government monopoly established in 1862 was granted in 1868 to a private concern that guaranteed a fixed return to the treasury and a share in the profits. In 1884, however, the government resumed its management of the monopoly, which has since developed into an important industrial enterprise.

Production: Italy is now the third largest tobacco-producing country in Europe, ranking after Soviet Russia and Greece. The industry provides the treasury with an annual revenue of about 3.3 billion lire, or about 165 million dollars. Moreover, the government monopoly pays growers some 300 million lire annually, or about 15 million dollars, and tobacco growing provides work for 100,000 agriculturists and about 80,000 workers.

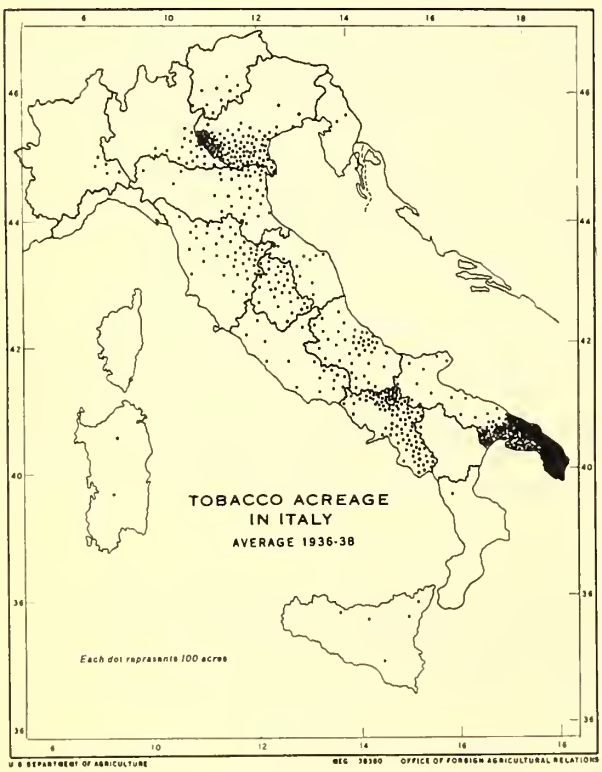

Figure 9.

About two-thirds of the tobacco acreage is in southern Italy, especially in Puglie, which alone produces about a third of the crop. The next most important tobacco-producing province is Veneto, in the northeast, where about 15 percent of the acreage is found (see fig. 9).

As a result of improved methods of production during the past decade, output has increased despite a reduction in acreage. Thus, whereas the acreage in tobacco declined from a yearly average of 94,000 acres in 1926-1928 to 80,000 in 1936-1938, production during the same period increased from 85.2 to 93.5 million pounds. At the same time, the average yield increased from 906 to 1,170 pounds per acre.

Several varieties of tobacco are produced, the most important being American and oriental types. Of the former, the most widely used is Kentucky-Tennessee fire-cured leaf, which normally accounts for over half of the crop and which is grown in all tobacco sections of the country. It is used chiefly in the manufacture of *Toscano* cigars, dark pipe tobaccos, and some brands of strong cigarettes. The oriental types, which include Macedonian and Turkish aromatic varieties, account for about one-fourth of the crop, and are produced in central and especially in southern Italy. Because of their mildness and low nicotine content they are used for blending in cigarette manufacture.

Exports: Not only does production meet domestic requirements, but substantial quantities of tobacco are exported. These exports have increased during the past

decade from 6.7 to 13.7 million pounds, while imports declined from 12.9 to 5 million pounds. The increase in production, however, has not made up for the increased exports and the reduced imports, with the result that quantities of leaf tobacco available for manufacture in Italy have fallen from a yearly average of 91.4 million pounds in 1926-1928 to 84.8 million in 1936-1938.

Government control: The government tobacco monopoly operates in two ways: (1) in the older producing sections it grants farmers a license to grow, on a prescribed area, a certain number of tobacco plants, which when properly dried must be delivered to the warehouses of the monopoly for grading, curing, and packing; and (2) in other regions it grants special licenses to agricultural-industrial enterprises to grow and cure a certain number of plants and deliver them ready for the factory.

The monopoly has charge of a tobacco experiment station, where research is conducted toward the development of new varieties and the eradication of tobacco pests and diseases. It controls 30 warehouses, 25 factories, 600 sales centers, and about 50,000 retail stores. It also controls the *Azienda Tabacchi Italiani* (Italian Tobacco Association), which devotes special attention to the production of tobacco intended for export, and the *Ente Nazionale per il Tabacco* (National Tobacco Office), which studies foreign markets with a view to increasing exports.

SUGAR

Although the sugar beet acreage has been increased during the past decade in accordance with the Fascist program of agricultural self-sufficiency, sugar yields have not kept pace. Thus, whereas the acreage increased from a yearly average of 234,000 acres in 1926-1928 to 322,000 in 1936-1938, or by more than 37 percent, production during the same period rose from 361,000 to 405,000 tons, an increase of only 12 percent (see tables 3 and 4). Despite this increase, production does not satisfy domestic requirements; in some years substantial quantities of sugar must be imported.

Figure 10.

Most of the crop is produced in northern Italy, centering in Veneto and Emilia, which together account for over 85 percent of production. The remaining 15 percent is produced in the northern province of Lombardia and in central Italy (see fig. 10). Planting occurs from about the middle of February to the middle of May, and harvesting from

the end of July through October. The sucrose content of the beets varies from 13 to 17 percent, depending on weather conditions during the growing season.

The production of sugar in Italy provides an important source of government revenue. Normally over 70 percent of the price paid by the consumer goes to the state in the form of a production tax. It is estimated that during the 1940 financial year the Italian Treasury will collect 1.2 billion lire, or about 60 million dollars, in production taxes on sugar.

Farmers are grouped in the *Associazione Nazionale Bieticoltori* (National Association of Beet Growers). Sugar manufacturers are affiliated with the *Consorzio Nazionale Produttori Zucchero* (National Association of Sugar Manufacturers). There are more than 50 sugar mills, which during the 40- to 50-day milling season use an average of about 60,000 tons of beets every 24 hours. There are also over 20 sugar refineries, 15 distilleries producing industrial alcohol from molasses, and some 25 plants for drying beet pulps for cattle feed.

Since 1935 the industry has operated under strict government control, and maximum wholesale and retail prices are fixed at the beginning of each season by the Ministry of Corporations. The decree of July 24, 1940, further regulated the distribution of beets among sugar factories, as well as the activities of the factories. The quantities of beets to be processed into sugar, molasses, and alcohol during the 1940-41 season were specified, and the production of only two grades of sugar was permitted: refined sugar (60 percent of the total) and crystal sugar (40 percent).

LIVESTOCK

The outstanding development in Italian livestock production during the past decade has been a decrease in sheep, goat, and hog numbers and a slight increase in the number of cattle. From 1930 to 1937 the decline in hog and sheep production was 15 and 11 percent, respectively; the increase in cattle numbers was less than 3 percent (see table 5). Sheep numbers were reduced throughout the country; reduction of hog numbers occurred mainly in Sicily and Sardinia. Hog and cattle production, on the other hand, increased in both northern and central Italy. The principal reason for the decline has been the artificially high price of wheat, which has led to the conversion of much pasture land into wheatfields. The resulting increase in cost of fodder has raised livestock production costs.

Because of the rich pasture lands of northern Italy about 70 percent of all the cattle and over 50 percent of the hogs are produced and consumed in that region. For this reason their production is a vital economic factor in the agriculture of northern Italy. Similarly, the poor lands of central, southern, and insular Italy account for 90 percent of all sheep and 85 percent of the goats.

Cattle: Cattle are produced chiefly for use as draft animals, as well as for milk production and meat. Because they also produce calves and milk, cows are preferred for draft purposes to bulls or oxen. They are usually slaughtered either as

calves or as worn-out beasts of burden. Although this practice is not followed by the modern dairies, it is very common among the small farmers, who own the great bulk of the cattle in Italy. Veal is the favorite meat, but its high cost prohibits general consumption. Beef is sold in larger quantities than any other meat; however, only a small part comes from animals grown exclusively for meat, the greater part coming from old draft cattle.

TABLE 5.--*Livestock numbers in Italy, 1908, 1918, 1930, 1936, and 1937*

YEAR	CATTLE AND BUFFALOES	HOGS	SHEEP	GOATS
	Thousands	*Thousands*	*Thousands*	*Thousands*
1908[1]	6,590	2,685	11,615	2,784
1918[1]	6,624	2,509	12,029	3,146
1930	7,105	3,318	10,269	1,892
1936	7,235	3,206	8,862	1,795
1937	7,286	2,814	9,095	1,804

[1] Estimated from official census for boundaries subsequent to the World War.

Compiled from *Annuario Statistico Italiano.*

Dairy products: The dairy industry is of considerable importance to the Italian economy, especially because of the large production and exportation of cheese, which supply the much-needed foreign exchange. About 80 percent of the 230,000 tons of cheese produced annually originates in northern Italy, and the remainder is made chiefly from ewe's milk in central and particularly southern Italy and the islands. Though war conditions in the Mediterranean Basin are adversely affecting cheese production and exports, milk producers may find a ready market for their output in the increased demand for "Lanital," the synthetic wool made of casein.

Although Italian consumption of butter is very low, production has never completely satisfied domestic requirements. The slight increase in cattle numbers during the past decade may be due to the efforts to expand production of both casein and butter. This in turn would account for the shortage of veal in most markets of northern Italy.

Hogs: Hogs are the only animals grown exclusively for meat. Very little fresh pork is consumed; most of it is cured, especially in the form of sausages of many varieties. It is a peculiarity of meat marketing in Italy that pork is not sold in butcher shops but in special shops called *Salumeria,* corresponding roughly to our delicatessen stores. Except as some form of cured meat, pork is not generally liked by the Italian consumer.

Sheep: Sheep are grown chiefly for their wool and hides. When needed for meat they are usually slaughtered as lambs. Goats, grown principally for milk and hides, are not widely used for meat except in some sections of southern Italy and

the islands. Their hardiness and ability to subsist where other domestic animals would starve account for their prevalence on the poor and hilly lands of the south.

Meat consumption. Not only is meat consumption in Italy very low, but large quantities are imported to meet domestic requirements. The annual per-capita consumption of all meats, excluding lard, averaged only 41.2 pounds in 1935-1937, compared with 123.5 pounds in the United States during the same period.

Government assistance to and control of the livestock industry are regulated by the basic law of June 19, 1929, dealing with activities in each province for promoting improvement in the quality and quantity of production. The program is under the general direction of the Minister of Agriculture and Forests, assisted by the Corporation of Animal Husbandry and Fishing and a National Livestock Council. Livestock producers are organized in the National Association of Husbandrymen.

OTHER CROPS

Silk: Italy is the largest silk producer in Europe and the third largest in the world, ranking after Japan and China. Because of the large numbers employed and the amount of foreign exchange it provides, silk production is an important factor in the Italian economy. About 90 percent of the output originates in northern Italy; the provinces of Lombardia and Veneto alone supply about 70 percent of the total.

Despite the efforts of the government during the past decade to encourage silk production by assuring growers of fixed returns and granting export subsidies, many producers shifted to the more remunerative cultivation of wheat. Whereas in 1926-1928 about 700,000 Italian families produced an annual average of 9.8 million pounds of raw silk from 100 million mulberry trees, in 1936-1938 25 percent of the trees had been cut down to make room for wheat, and 500,000 families produced only 6 million pounds of silk, or a decline in production of 38 percent (see table 4). The decline in exports during the same period has been sharper, falling from an annual average of 12.8 to 5.2 million pounds, or a recession of about 60 percent. Normally about 80 percent of the output is exported, with the United States by far the largest market.

To encourage production the government in 1937 launched a 5-year silk production plan aiming at a gradual increase in output, with the view of producing 13 million pounds of raw silk by 1941. This would require between 85 and 90 million mulberry trees, or an increase of 15 million trees over the 1936 figure. To encourage planting, the government advertised its 5-year plan in the silk-producing regions, raised the minimum guaranteed price for cocoons, and increased its subsidy on raw silk exports. Moreover, government compulsory collecting agencies were ordered to advance up to 90 percent of the minimum price to growers consigning cocoons. Despite these measures production in 1938 was adversely affected by unfavorable weather, which reduced output to the lowest level in two decades.

Hemp Italy ranks second only to Russia as a world producer of hemp. Production is localized in only two provinces. About 60 percent of the output is produced in Emilia, in the north, and the remainder in the southern province of Campania.

Hemp production has increased only slightly in the past decade. The annual average output in 1926-1928 was 213 million pounds, compared with 223 million in 1936-1938 (see table 4).

Toward the end of 1937 the *Federazione Nazionale Dei Consorzi per la Difesa Della Canapa* (National Federation for the Development of Hemp Production), a government-controlled organization of hemp producers, took over the control and regulation of the planting, production, and marketing of the Italian hemp crop. The old custom followed by the planters of selling their crop while still growing was abolished, and prices for seed and fiber were established and controlled officially. Every year the government designates the provinces destined for hemp cultivation.

Hemp growers are grouped in the *Associazione Produttori Canapa* (Association of Hemp Producers). They must deliver their crop to the compulsory hemp pools *(Consorzi Ammassi Canapa)*, which alone are responsible for hemp marketing in Italy.

Tomatoes: Tomatoes are grown throughout Italy, the principal producing regions being the provinces of Emilia and Campania, and Sicily. More than 75 percent of the crop is produced in open fields and the remainder in hothouses, which supply a profitable out-of-season trade. The tomato crop provides a large export trade in fresh tomatoes and supplies the raw material for an important canning and preserving industry, which furnishes the Italian treasury with valuable foreign exchange.

In its eagerness to obtain foreign exchange the Italian Government has encouraged tomato production and exportation. Production has increased during the past decade from 597,000 tons in 1926-1928 to more than 1 million in 1936-1938 (see table 4). Similarly, exports during the same period increased from 79 million to 93.5 million pounds of fresh tomatoes and from 213 million to 260 million pounds of canned tomatoes and tomato paste.

Dried fruits and nuts: Climatic and soil conditions in many sections of Italy are particularly favorable for the production of nuts - especially almonds, filberts, and walnuts - and dried fruits, especially figs.

Italy is the world's largest producer of *almonds*, its normal output being slightly over 50 percent of the Mediterranean Basin production. Sicily and the southern province of Puglie produce most of the crop. Production has increased in recent years from a yearly average of 26,000 tons in 1930-1932 to 37,000 in 1936-1938.

The Italian *walnut* crop is the second largest in Europe, after that of France. Though grown throughout the country, the crop is of special importance in the provinces of Abruzzi and Campania in the south and Piemonte in the north. The principal variety is the *Sorrento*, a large, soft-shelled nut well known in many importing countries. Production has increased in recent years from a yearly average of 265,000 bags of 110 pounds in 1930-1932 to 305,000 bags in 1936-1938.

Italy is the world's third largest *filbert* producer, after Turkey and Spain. Production is concentrated in Campania and in Sicily, althopgh some trees are found in northern and central Italy. The many varieties fall into two main groups, the

normal- and late-ripening types. The former type, important from a commercial standpoint, is picked from early August to the middle of September; the late-ripening type is harvested in October. Both the long and round varieties are produced. The output, which varies greatly from year to year, has decreased slightly in the past decade, averaging 27,600 tons in 1930-1932 and 27,000 in 1936-1938.

Of the principal dried fruits marketed in Italy the most important is the *dried fig*. The principal producing regions are the southern provinces of Puglie, Calabrie, and Abruzzi, and the island of Sicily. Many drying methods are used, although sun-drying is generally preferred for choice fruit and oven-drying for inferior qualities.

Deciduous fruits: The climate and soil of some sections of Italy are favorable to the production of deciduous fruits, principally apples, pears, and peaches.

Apples are produced principally in Piemonte, Emilia, and Venezia Tridentina in northern Italy, and in Abruzzi, Campania, and Calabrie in the south. Though most of the crop is consumed domestically, there is an important export trade in both early and late varieties. Apples are found on the market from July to March.

Pear growing is more widespread than apple production, although the principal commercial orchards are located in northern and central Italy. These orchards supply most of the production for the export trade, which is mainly in early-ripening varieties. As in the case of apples, the marketing season for pears is from July to March.

Peach production has been commercially developed to produce large quantities of the best export varieties, as well as of those satisfying domestic requirements. Orchards are located principally in central and northern Italy, where the climate and soil are best suited for production, and in the southern province of Campania, which specializes in the hard, yellow peaches used for canning. The peach season begins toward the end of May and ends the latter part of August or early September.

FOREIGN TRADE

GENERAL TRENDS

The two principal characteristics of Italy's total foreign trade are, first, that it is much smaller in value than the trade of any of the leading countries of western Europe - in the past two decades averaging only about one-sixth that of the United Kingdom, one-third that of Germany, and less than half that of France[4] - and second, that the value of imports has exceeded that of exports every year since the unification of Italy in 1870. Import surpluses are usually offset by income derived from "invisible" items, especially tourist expenditures, emigrant remittances, and freight and shipping services.

[4] During the same period it was only about one-fourth the value of United States foreign trade.

TABLE 6.—*Italian balance of trade, averages 1909-1913, 1921-1925, and 1926-1930; annual 1931 to 1938*

YEAR	IMPORTS	EXPORTS	EXCESS OF IMPORTS
	Million dollars	*Million dollars*	*Million dollars*
Average:			
1909-1913	658.6	430.4	228.2
1921-1925	836.4	530.8	305.6
1926-1930	1,052.9	733.3	319.6
Annual:			
1931	602.2	518.7	83.5
1932	420.6	336.5	84.1
1933	493.4	386.0	107.4
1934	649.1	425.1	224.0
1935	632.8	370.2	262.6
1936	428.9	278.8	150.1
1937	715.0	413.1	301.9
1938	581.9	421.2	160.7

Compiled from *Annuario Statistico Italiano*. Conversions at annual average rates of exchange

Since the advent of fascism in 1922 Italy's foreign trade has passed through four distinct periods, coincident with four phases of Italian economic and commercial policy: (1) 1922-1926, general economic adjustment accompanied by commercial expansion under a rather liberal credit policy; (2) 1927-1929, stabilization of currency accompanied by commercial stagnation, ending with a gradual revival; (3) 1930-1933, depression: and (4) 1934-1939, slow recovery.

In the first period there was rapid expansion of both imports and exports, ending by the middle of 1926, when the Italian currency weakened under pressure of excessive credit expansion and speculation and the government adopted a policy of deflation and stabilization. As the currency gained in value Italian exporters found it difficult to maintain their positions in world markets, and exports declined.

The decline in exports became more pronounced in the second period, especially after the stabilization of the lira in December 1927; however, the forcing down of wages, reduction in production costs, and rising prices in world markets enabled Italian farm and industrial products to compete effectively again. By 1929 economic conditions had improved, and foreign trade recovered.

During the depression the reduction in exports, the severe decline in tourist expenditures and emigrant remittances, and the great outflow of short-term capital again threatened the currency and started the Italian Government on its program of control of foreign trade and exchange.

The last period was characterized by an ever-increasing degree of government control, which, after the League of Nations' economic sanctions against Italy (November 1935-June 1936), became among the most intensive in the world; by the

devaluation of the lira by 40 percent in October 1936 and a resulting increase in exports; and by a more vigorous pursuance of the policy of economic self-sufficiency.

TABLE 7.--*Value of Italian imports from and exports to foreign countries and Italian colonies, averages 1909-1913, 1921-1925, and 1926-1930; annual 1931 to 1938*

YEAR	VALUE OF EXPORTS				VALUE OF IMPORTS			
	TOTAL	TO FOREIGN COUNTRIES	TO ITALIAN COLONIES	EXPORTS TO COLONIES AS PERCENT OF TOTAL	TOTAL	FROM FOREIGN COUNTRIES	FROM ITALIAN COLONIES	IMPORTS FROM COLONIES AS PERCENT OF TOTAL
	Million	*Million*	*Million*		*Million*	*Million*	*Million*	
Average:	*lire*	*lire*	*lire*	*Percent*	*lire*	*lire*	*lire*	*Percent*
1909-1913	2,212	2,164.6	47.4	2.14	3,419	3,412.5	6.5	0.19
1921-1925	12,264	12,063.8	200.2	1.63	19,092	19,010.1	81.9	0.43
1926-1930	15,172	14,801.6	370.4	2.44	21,365	21,254.6	110.4	0.52
Annual:								
1931	10,210	9,961.5	248.5	2.43	11,643	11,565.8	77.2	0.66
1932	6,812	6,565.8	246.2	3.61	8,268	8,205.0	63.0	0.76
1933	5,991	5,752.1	238.9	3.99	7,432	7,354.2	77.8	1.05
1934	5,224	4,965.0	259.0	4.96	7,675	7,581.8	93.2	1.21
1935	5,238	4,488.2	749.8	14.31	7,790	7,673.1	116.9	1.50
1936	5,542	3,824.0	1,718.0	31.00	6,039	5,882.5	156.5	2.59
1937[1]	10,434	7,853.5	2,580.5	24.73	13,942	13,592.1	349.9	2.51
1938[1]	10,456	8,007.1	2,448.9	23.42	11,271	11,061.9	209.1	1.86

[1] The increase in the lira value of the trade after 1936 is due chiefly to the rise in the import and export prices resulting from the devaluation of the Italian currency in October 1936.

Compiled from *Annuario Statistico Italiano*.

Three outstanding changes have taken place in the geographic distribution of the Italian foreign trade during the past 15 years: a large increase in exports to Italian possessions, especially when Italy began to colonize Ethiopia after the campaign of 1935-1936; a recent appreciable increase in trade with Germany as a result of German territorial expansion and closer economic and political ties between the two countries; and a relative decline in imports from the United States and the United Kingdom, particularly after the intensification of the drive for economic self-sufficiency.

Since 1936 Italy's principal markets have been the Italian possessions, which in 1936-1938 took about one-fourth of all exports; Germany; the United States; the United Kingdom; and Switzerland. The last four were also the principal suppliers during this period; Germany alone supplied about a fourth of all imports.

GOVERNMENT REGULATION AND CONTROL

Since 1930 the depression and later the unsettled conditions in Europe have adversely affected the Italian supply of foreign exchange, especially that from

tourist expenditures, emigrant remittances, and freight and shipping services. This depletion caused the Fascist Government in 1934 to abandon its comparatively liberal foreign trade policy and to adopt a rigid control of foreign trade and exchange. This control, instituted as a means of maintaining an equilibrium in the country's balance of payments, has been an aid in the government's program of autarchy and military preparedness since the League of Nations' economic sanctions against Italy. Even before the outbreak of war in September 1939 this control was among the most complete established by any government, covering imports, exports, and exchange transactions.

Import control: The most important phase of governmental control of foreign trade deals with quantitative restriction of imports. Aside from the tariff, control is effected chiefly through three systems: of ministerial licenses, import monopolies, and private compensation.

In April 1934 the government applied its first quantitative import restrictions on agricultural products by subjecting wool, oilseeds and nuts, and coffee to a special license. By the middle of 1935 most foodstuffs and agricultural raw materials could not be inported without a special permit from first the Ministry of Finance and later the Ministry of Foreign Trade and Exchange. Thus the system of *ministerial licenses* was established. From January 1 to June 10, 1940, when Italy entered the present war, a ministerial import license was required to import any agricultural product except those subject to import monopolies (see page 666).

The procedure of issuing import licenses is carried out as follows: The Ministry of Foreign Trade and Exchange, with the assistance of special "Import Advisory Committees" composed of representatives of producers, laborers, and merchants, establishes periodically a total import quota for each product subjected to this import regime. Besides advising the Ministry, the Committees allocate portions of the quota to the various interested federations of producers or manufacturers for apportionment among their members.

From 1935 through 1939 there existed another system of import licenses called the *Regime a Bolletta* (Customs Receipts Procedure), which confined the importation of certain products to given percentages of 1934 imports. The percentages, which varied with the commodity, ranged from 10 to 70 or even, in some cases, 100 percent of the quantities imported in 1934. At the beginning of each quarter the Ministry of Finance determined for all products subject to the Bolletta the percentage of 1934 imports that could enter the country. Dealers wanting to import such products presented to the customs authorities the receipts for the importation of the same commodities during the corresponding quarter of 1934. The official quota percentage was then applied to these 1934 quantities, determining the actual quantities.

The Bolletta system had several disadvantages. It hampered the development of new enterprises, while older concerns found themselves in advantageous positions often out of proportion to the rate of their current activities. Moreover, it tended to perpetuate the pattern of Italy's import trade with other countries in the base year, without regard to subsequent changes in the structure or direction of that trade

The ministerial license system, on the other hand, permits greater flexibility in distributing the total quota among individual importers and in directing imports by countries according to changing political and economic ties.

Another form of import control is exercised by the state through the system of *import monopolies* - special governmental or semi-governmental agencies having the monopoly for the importation of a certain product. Long before the present rigid control of imports was established, the government tobacco and quinine monopolies had full control of the importation of these products into Italy. Since the establishment of the present system of trade and exchange control, however, several import monopolies have been organized to control the importation of many products deemed essential to the Italian economy. These monopolies are of two kinds: those administered by official government agencies and those under the direction of semi-public or private organizations, such as the associations of producers or dealers interested in the importation of certain products.

The monopolies of the first group specialize in controlling the importation of the principal industrial raw materials, the only agricultural product in the group being bananas. The banana monopoly, created in December 1935 under the supervision of the Ministry of Agriculture and Forests, has decreed that bananas may be imported only from the Italian colonies.

The second group of monopolies controls principally the importation of agricultural products, especially wool, oilseeds and nuts, coffee, livestock and meats, wheat, poultry and eggs, cotton, and hides and skins. For wool, oilseeds and nuts, and coffee there are special *giunte* (boards) representing each industry, empowered to make collective imports under strict government supervision.

Since August 3, 1936, livestock and meat imports have been handled by a private company under supervision of the Ministry of Finance. The wheat import monopoly is under the *Federazione Nazionale dei Consorzi Agrari* (National Federation of Agrarian Associations), which may not receive wheat without a special permit from the Ministries of Finance and Agriculture. On July 1, 1939, a government-controlled monopoly for the importation of poultry and eggs was established. Early in 1934 the *Istituto Cotoniero Italiano* (Italian Cotton Institute) was given control over imports of cotton and cotton waste. Since July 1939 only five government-controlled companies have been permitted to import hides and skins.

The system of *private compensation agreements*, carried out by a balancing of exports and imports among private traders, was originally introduced with the hope that additional imports beyond the quota limits might be obtained for additional exports. The system failed to produce the desired result, and is now limited to trade with countries with whom Italy has clearing agreements making special provision for this form of trade. Compensations are, however, strictly limited to extra-quota transactions.

Export control: Government control and restriction of agricultural exports is of very recent date and is not so complete or rigid as the control of imports;

in fact, the policy of the government has long been to encourage rather than to restrict exports. Limitations on exports of some products such as wheat, rice, and tobacco had existed since 1926, and during the war with Ethiopia additional products were added to this list. It was not until the present war, however, that export restrictions became widespread.

Immediately after the outbreak of war in September 1939 the Italian Government subjected most agricultural products to a system of export licenses, for the double purpose of protecting domestic supplies of essential commodities and of directing exports in accordance with its policy of nonbelligerency. These restrictions were greatly relaxed a month later, when the customs authorities permitted direct exports of many products nominally subject to ministerial license. In this case the chief function of the licenses became directional rather than quantitative restriction. From October 1939 until Italy s entry into the war on June 10, 1940, however, export prohibitions were in effect for butter, wheat, rice, dried vegetables, vegetable oils, lard, hides, oats, bran, and hay. Other prohibitions affecting the export of all cereals, meats, and hemp were added in February and April 1940.

The Italian Government also controls exports through monopolies set up for the purpose of centralizing all exports in one strong organization, with the view to obtaining more favorable terms for Italian products on foreign markets. Such export monopolies have existed since July 1939 for poultry and eggs and for hides and skins, and since September 1939 for dried fruits, walnuts, pistachios, and chestnuts.

Control of foreign exchange: With the rigid control of Italy's foreign trade came the control of foreign exchange transactions for the purpose of conserving the available gold and foreign exchange reserves. Even before the outbreak of the present war the Italian Government's control of foreign exchange extended to all transactions with commercial, financial, and tourist trade and to all media of foreign payment. In charge of this system are the Ministry of Foreign Trade and Exchange and the *Istituto Nazionale per i Cambi con l Estero* (National Foreign Exchange Institute), known as "Istcambi," a separate government institution closely connected with and subsidiary to the Ministry. In general it is the "Istcambi" that is charged with execution of the decisions reached by the Ministry.

From the point of view of Italian exchange control, practically all transactions involving payments abroad fall into one of the three following categories: (1) those with countries to which payments and from which receipts may be made in foreign exchange, but with which there are no agreements for the balancing of trade or exchange; (2) those with countries to which payments and from which receipts may be made in foreign exchange, but with which "payment agreements" exist to maintain an equilibrium in the foreign exchange relations, and (3) those with countries to which payments and from which receipts cannot be made in foreign exchange, but with which "clearing agreements" are in force.

Before Italy's entry into the present war, the bulk of foreign trade was with countries having "clearing" and "payment" agreements. Trade with countries in the first group, of which the United States was most important, was limited. Moreover,

even though foreign exchange payments were made with and received from those countries in the traditional manner, trade relations were strictly controlled by the Italian trade and exchange control authorities, since imports required a license from the Ministry of Foreign Trade and Exchange.

In the case of exports to countries in the first group, the regulations required that all foreign exchange obtained by exporters be sold to the "Istcambi." Authorizations to export were given only after the exporter's promise to sell the foreign exchange obtained. Moreover, to prevent exporters from quoting too low a sales price in agreement with foreign buyers, thereby establishing hidden foreign exchange reserves abroad, special export price control committees were established to check export invoices.

Since "payment agreements" (transactions with countries in the second group) are made by Italy to insure the maintenance of equilibrium in its foreign exchange relations with other countries, the method used to bring about this equilibrium is the control of imports through quotas fixed in the agreement. Prior to Italy's entry into the present war, it had payment agreements with 11 countries.

In transactions with countries of the third group, Italy conducts its controlled foreign trade without the use of foreign exchange. The mechanism of "clearing agreements" works as follows: In obtaining import permits the Italian importer undertakes to pay in Italian currency to the "Istcambi" an amount equal to the value of the products purchased abroad, at a rate of exchange previously set in the clearing agreement between the two countries. This domestic currency is then used by the Italian Central Clearing Office to pay Italian exporters for the commodities they sell to the country in question. Since the same procedure is followed by the two countries, in both instances imports are made to pay directly for exports, and the flow of trade does not require the movement of foreign exchange. One of the difficulties of this system is that Italian exporters often have to wait a long time before obtaining the equivalent in lire of the product exported, since they can be paid only in the order in which payments are made by their foreign debtors and as long as the Italian Clearing Office funds permit.

AGRICULTURAL EXPORTS

Farm products account for about 40 percent of the value of all Italian exports. Over three-quarters are made up of foodstuffs, the remainder representing agricultural raw materials, especially raw silk and hemp. As a result of government encouragement, agricultural exports increased in the past two decades from 35 to 40 percent of the total export trade. The principal gain, however, has been in foodstuffs; exports of agricultural raw materials have declined (see fig. 11 and table 8).

The principal agricultural exports are citrus fruit, other fresh fruit, shelled almonds, wine and vermuth, hemp and tow, cheese, canned tomatoes and paste, raw silk, rice, and edible olive oil. The principal markets are, in order of importance, Germany, the United States, the United Kingdom, France, Switzerland, Argentina, Rumania, Hungary, Yugoslavia, and Belgium.

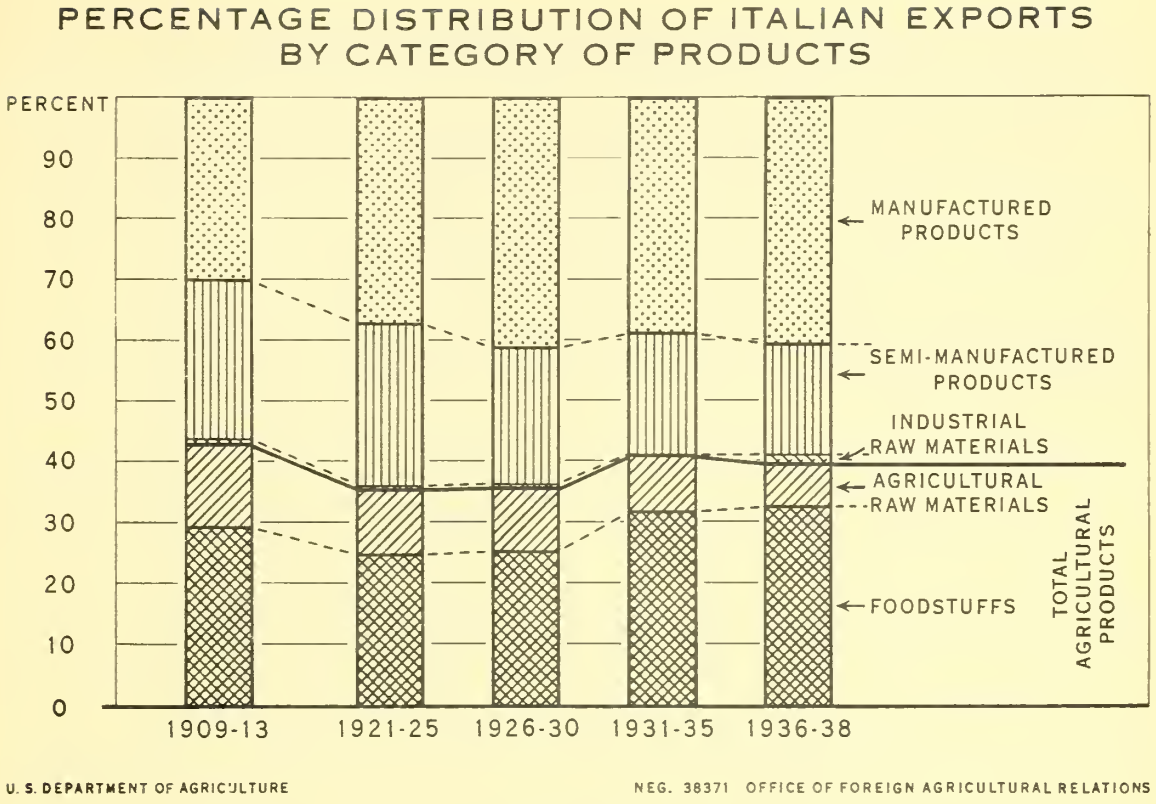

Figure 11.

TABLE 8.—*Value of Italian exports by groups of products, averages 1909-1913, 1921-1925, 1926-1930, 1931-1935, and 1936-1938*

YEAR	FOODSTUFFS	AGRICULTURAL RAW MATERIALS	ALL AGRICULTURAL PRODUCTS	INDUSTRIAL RAW MATERIALS	SEMIMANUFACTURED PRODUCTS	MANUFACTURED PRODUCTS	TOTAL
	1,000	*1,000*	*1,000*	*1,000*	*1,000*	*1,000*	*1,000*
Average:	*dollars*	*dollars*	*dollars*	*dollars*	*dollars*	*dollars*	*dollars*
1909-1913	125.3	57.9	183.2	3.1	112.3	128.3	426.9
1921-1925	133.0	57.2	190.2	2.4	145.6	201.4	439.6
1926-1930	188.4	79.3	267.7	3.1	170.6	310.2	751.6
1931-1936	142.7	41.6	184.3	0.7	91.4	176.8	453.2
1936-1938	162.6	36.1	198.7	7.0	91.9	203.4	501.0
Percent of	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
total:							
1909-1913	29.3	13.6	42.9	0.7	26.3	30.1	100.0
1921-1925	24.7	10.6	35.3	0.4	27.0	37.3	100.0
1926-1930	25.1	10.5	35.6	0.4	22.7	41.3	100.0
1931-1935	31.5	9.2	40.7	0.2	20.1	39.0	100.0
1936-1938	32.5	7.2	39.7	1.4	18.3	40.6	100.0

Compiled from official Italian sources and estimates by the Office of Foreign Agricultural Relations.

TABLE 9. *Exports of principal agricultural products from Italy, averages 1911-1915, 1922-1925, 1926-1930, 1931-1935; annual 1931 to 1938*

PRODUCT	UNIT	AVERAGE 1911-1915	AVERAGE 1922-1925	AVERAGE 1926-1930	1931	1932	1933	1934	1935	AVERAGE 1931-1935	1936	1937	1938
		Thousands	*Thousands*	*Thousands*	*Thousands*	*Thousands*	*Thousands*	*Thousands*	*Thousands*	*Thousands*	*Thousands*	*Thousands*	*Thousands*
Cattle	Heads	29	5	3	78	5	4	3	1	18	7	2	3
Sheep and goats	Heads	25	15	11	38	27	23	10	2	20	2	2	(1)
Hogs	Heads	18	14	41	234	23	6	(1)	(1)	53	1	(1)	1
Meats	Pounds	10,585	15,564	17,181	16,120	12,464	10,950	9 060	8 566	11 432	17,837	10,819	9,947
Lard	Pounds	916	739	776	210	38	30	18	18	63	106	50	54
Cheese	Pounds	66,599	60,727	75.384	88,947	66,397	52 779	55,286	61 220	64,926	42 841	52,685	54 088
Rice:													
Paddy	Pounds	16,715	491	7 411	3,534	30,047	55,020	20,048	1,351	22,000	4 572	18.012	362
Uncleaned	Pounds	25,077	58 555	106,708	160,978	143,429	190 879	247,008	221,269	192,713	236 038	220,001	275 674
Cleaned	Pounds	100,362	227,597	332,368	164,020	158,359	150 801	80,278	58,129	122 317	74 297	112,977	76 877
Wheat													
Flour	Barrels	721	890	426	869	1,573	1,772	2,062	2,320	1,719	1 706	1 871	1 130
Semolina	Pounds	35,435	3,227	5,973	11,461	25,221	61 054	77 533	27 602	40 574	22 826	13,164	7 713
Paste	Pounds	137.025	36,903	31,085	28 716	23,328	20,634	20,621	33,576	25 375	35 128	40.306	37 890
Fruits, fresh:													
Lemons	Boxes	7,738	5,005	6,975	7 577	7,089	7 882	7.241	6,244	7 207	5 204	6,293	5 864
Oranges	Boxes	[2] 3,976	3,432	3,754	3,823	1,937	4,498	2.824	2,942	3,205	2 706	4.755	4,725
Apples	Bushels	2,359	2,040	1,674	549	2,604	1,834	902	802	1,338	2,808	2 284	1 851
Pears	Bushels	(2)	630	971	1,161	1,006	1,195	1,098	703	1,033	1,288	1,045	1,018
Peaches	Bushels	178	317	1,259	2,953	2,971	2 651	1.846	2,237	2.532	1 134	2 324	2,729
Figs, dried	Pounds	614	46.502	34,308	35,939	24,546	24,856	24,062	20.037	25,888	23.492	20 749	18.419
Nuts:													
Chestnuts	Pounds	65,327	69.350	61,746	57,670	64 130	52 009	58 160	45,657	55,525	60 124	72,018	58.069
Almonds, shelled	Pounds	32,925	45,792	49,423	36.119	43 418	51 166	54,397	62,935	49,607	58 242	40,864	66,007
Almonds, unshelled	Pounds	3 830	5.921	6,845	3,589	2,864	3,801	4,418	4,599	3 854	4 997	4.139	8 453
Filberts, shelled	Pounds	[3] 28,302	1.757	2 720	3,494	3,988	2 216	4,934	2 844	3,495	12.544	6,965	8 017
Filberts, unshelled	Pounds	(3)	7,575	28,644	29,207	47,135	19,750	33 548	20,476	30,023	34 697	23,400	21 705
Walnuts	Pounds	9 551	15 927	14 481	15,630	17,311	15 359	12,875	14 415	15,118	10 775	19 615	13 401
Olive oil	Pounds	75,112	81,695	79,447	129,470	99.761	76,934	53,066	42,651	80,376	30 765	45,043	64 637
Potatoes	Bushels	3,724	6,295	7,195	4,533	4,987	4,249	4,211	2,823	4,160	3,185	5,728	5,257
Tomatoes:													
Fresh	Pounds	25 387	34,486	84,225	73,697	59,332	65,199	76,980	44,887	64,019	64,443	94 016	122 175
Canned and paste	Pounds	95,174	133,267	221,963	177,202	164,164	152 998	160 159	166 535	164 212	173,245	311,020	299,924
Vegetables, dried	Pounds	42.785	148,422	107,383	45,027	48,746	112,624	43,702	7.679	51,556	10,137	74,145	88,440
Wines	Gallons	37,766	37,882	26,508	44,165	21,208	26,259	25.933	24,939	28,501	37,976	49,447	38.088
Liquors, distilled	Gallons	1,846	801	684	391	419	648	304	253	403	690	807	901
Tobacco	Pounds	3,649	2,962	7,329	9.301	7.916	8,328	10 273	8,924	8,948	7.065	14.501	19,479
Hemp raw	Tons	51	56	58	50	34	44	44	32	41	16	40	33
Silk, raw	Pounds	15,552	11.824	12,858	12.637	6,980	7,672	4,172	4,629	12,030	5,679	4.492	5.574

[1] Less than 500.
[2] Reported as apples and pears, fresh.
[3] Not classified as to shelled and unshelled.

Compiled from *Movimento Commerciale del Regno d'Italia*, Rome (annual).

Citrus fruit: The most important agricultural export is citrus fruit, which normally accounts for about 5 percent of all agricultural and industrial exports. Lemons are the outstanding item, usually constituting about two-thirds of the citrus shipments: in fact Italy is the world's leading exporter of lemons, supplying about 70 percent of those entering international trade. Normally over 60 percent of the Italian crop is exported. Following the reduction in output during the past decade, lemon exports have declined from a yearly average of 7.5 million boxes in 1931-1933 to 5.7 million in 1936-1938 (see table 9).

About 40 percent of the Italian orange crop is exported. Exports have increased slightly during the past decade, from 3.4 million boxes in 1931-1933 to 4 million in 1936-1938. Shipments are by rail, chiefly to continental European markets.

To encourage citrus exports the Italian Government exercises strict control of shipments to assure uniform grading and packing, reduces freight rates, and in some years subsidizes exports. The principal markets for Italian citrus fruit are Germany (which normally takes over a third), the United Kingdom, Switzerland, and France.

Other fresh fruit: Fresh fruits are second in importance in the export trade. Peaches are most important, followed by apples, pears, and grapes. During the past 10 years peach exports have declined by more than 25 percent, apple shipments have increased by more than 40 percent, and pear exports have remained the same (see table 9). The principal markets for these fruits are Germany, which normally takes over half of the total, Switzerland, and the United Kingdom.

Shelled almonds: Italy is the world's largest exporter of shelled almonds, shipping about 70 percent of its crop to foreign markets. These shipments normally represent about 3 percent of the value of all Italian exports. Though exports vary from year to year according to size of crop, the trend in the past decade has been upward. Thus, whereas Italy exported a yearly average of 43 million pounds of shelled almonds in 1931-1933, it shipped an average of 55 million in 1936-1938. The principal markets are Germany, taking normally over 40 percent of the exports, the United Kingdom, France, and Sweden.

Wines and vermuth: Although Italy is the world's third largest exporter of wine, following Algeria and Spain, the ratio of exports to production has averaged only about 3 percent in recent years. However, in spite of a slight decrease in production during the past decade, exports of wine and vermuth have increased from a yearly average of 30 million gallons in 1931-1933 to 42 million in 1936-1938. The major portion of the exports consists of ordinary wine in bulk, half of which goes to Switzerland and most of the remainder to Germany and the Italian possessions. On a value basis, however, wine exports in bottles or flasks, of which vermuth is the most important item, represent about 40 percent of the total.

The United States, followed by Brazil is by far the most important market for Italian bottled wines, especially vermuth. The United Kingdom and Germany are Italy's largest buyers of vermuth in kegs. The Italian Government has taken measures to improve the quality of wines for export and has established a national mark for

those measuring up to standards. Although the use of this mark is optional for shipment to most countries, it is compulsory for the United States, Canada, and Mexico, where efforts are being made to develop markets for choice Italian wines.

Hemp and tow: Raw hemp exports have decreased substantially in the past decade, declining from a yearly average of 43,000 tons in 1931-1933 to 30,000 in 1936-1938. The principal reason for this decline is the increased Italian consumption of hemp, which is mixed with other fibers with the object of reducing cotton imports. Germany is by far the principal market, taking over 70 percent of the exports, followed by France and the United Kingdom.

Cheese: Italy ranks fourth as a world exporter of cheese, following New Zealand, the Netherlands, and Canada. It normally supplies about 10 percent of the cheese entering international trade. Despite government encouragement exports have declined during the past decade from a yearly average of 70 million pounds in 1931-1933 to 50 million in 1936-1938. Over 70 percent of the cheese exports are of the hard varieties. Though all varieties of Italian cheese enter the export trade, the most important are Pecorino, Gorgonzola, Parmesan, and Provolone. The United States is the principal market, in 1934-1938 taking a yearly average of 64 percent of all exports of hard cheese and over 16 percent of the soft varieties. France is the next most important market, and the United Kingdom is the principal buyer of Italian soft cheese.

Canned tomatoes: Exports of canned tomatoes, including tomato paste, have increased during the past decade from a yearly average of 165 million pounds in 1931-1933 to 260 million in 1936-1938. During the same period exports of fresh tomatoes increased by about 40 percent. The United States is Italy's largest market for canned tomatoes, taking over 43 percent of the exports, followed by the United Kingdom, which normally purchases over 32 percent. The principal markets for fresh tomatoes are Germany and Switzerland.

Raw silk: Italian raw silk exports have been reduced more than half in the past 15 years, from a yearly average of about 13 million pounds in 1926-1930 to 5 million in 1936-1938. This drastic reduction is, of course, the result of the decline in output during that period (see table 4). The principal markets for Italian silk are the United States, Germany, and Switzerland.

Rice Italy is the largest rice exporter in Europe. In recent years the trend has been toward a reduction in exports of paddy and cleaned rice and an increase in shipments of uncleaned rice (see table 9). For several years the Italian Government has encouraged rice exports by paying a subsidy to exporters. Since the beginning of the present war, however, the disruption of trade routes has caused such an increase in demand for Italian rice that the rice subsidy has not only been discontinued, but in order to assure adequate supplies for the domestic market in face of a short crop, exports have been discouraged by the imposition of an export tax.

In recent years Germany, Hungary, and Yugoslavia have absorbed most of the exports. Since the war and despite the short crop and the discouragement of exports,

Germany has been able to obtain almost as much Italian rice as in previous years, while exports to other markets have been drastically reduced.

Edible olive oil: Normally the best Italian olive oil is exported and the home market supplied mainly by the lower domestic grades and the Spanish, Tunisian, and Greek oils imported for refining and sale. Exports have been reduced by more than half during the past decade, declining from a yearly average of 85 million pounds in 1930-1933 to 40 million in 1934-1938. The oil is nearly always exported in tins or drums; only small quantities of the finest grades are shipped in bottles. Genoa is the most important Italian port for the exportation of refined olive oil. By far the largest market is the United States, followed normally by Argentina and Brazil. Since the occupation of Ethiopia in 1936 Brazil has occupied second place.

AGRICULTURAL IMPORTS

Despite the fact that agriculture is the principal Italian enterprise, until 1935 agricultural imports exceeded in value the imports of industrial products. The peak period was 1921-1925, when 64 percent of the annual imports were of agricultural products. From 1925 to 1935 there was a gradual decline in farm imports (see fig. 12), sharpened after the League of Nations' economic sanctions against Italy (November 1935-June 1936) and the program of economic self-sufficiency which has followed. In general, however, the gains from the drive for autarchy have not succeeded in offsetting the sharp reduction in imports, with the result that in recent years the Italian people have had to consume less farm products than before the institution of the drive.

TABLE 10.--*Value of Italian imports by groups of products, averages 1909-1913, 1921-1925, 1926-1930, 1931-1935, and 1936-1938*

YEAR	FOODSTUFFS	AGRICULTURAL RAW MATERIALS	ALL AGRICULTURAL PRODUCTS	INDUSTRIAL RAW MATERIALS	SEMIMANUFACTURED PRODUCTS	MANUFACTURED PRODUCTS	TOTAL
	1,000	*1,000*	*1,000*	*1,000*	*1,000*	*1,000*	*1,000*
Average:	*dollars*	*dollars*	*dollars*	*dollars*	*dollars*	*dollars*	*dollars*
1909-1913	134.0	212.3	346.3	33.2	123.5	156.9	659.9
1921-1925	247.2	290.4	537.6	15.2	160.8	126.5	840.1
1926-1930	260.9	366.6	627.5	19.1	220.9	190.9	1,058.4
1931-1935	112.8	196.3	309.1	31.2	124.8	114.5	579.6
1936-1938	98.4	158.1	256.5	106.4	128.0	98.0	588.9
Percent of total:	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
1909-1913	20.3	32.2	52.5	5.0	18.7	23.8	100.0
1921-1925	29.4	34.6	64.0	1.8	19.1	15.1	100.0
1926-1930	24.7	34.6	59.3	1.8	20.9	18.0	100.0
1931-1935	19.4	33.9	53.3	5.4	21.5	19.8	100.0
1936-1938	16.7	26.8	43.5	18.1	21.7	16.7	100.0

Compiled from official Italian sources and estimates by the Office of Foreign Agricultural Relations.

Since 1936 the Italian Government's foreign trade policy has been concentrated on the importation of essential industrial raw materials and manufactured products for rearmament purposes, rather than on agricultural commodities. As a result, in 1936-1938 the importation of industrial products exceeded that of agricultural commodities for the first time in about 30 years, and the value of agricultural products fell to about 44 percent of the total value. Agricultural raw materials, normally accounting for a large portion of these imports, represented 27 percent of the total and foodstuffs about 17 percent. The principal agricultural raw materials imported are cotton, wool, hides and skins, and rubber. Of the foodstuffs the most important are wheat, oilseeds, coffee, and cattle. The principal suppliers, in order of importance, are the United States, Argentina, Hungary, Brazil, British Malaya, and the Netherlands Indies.

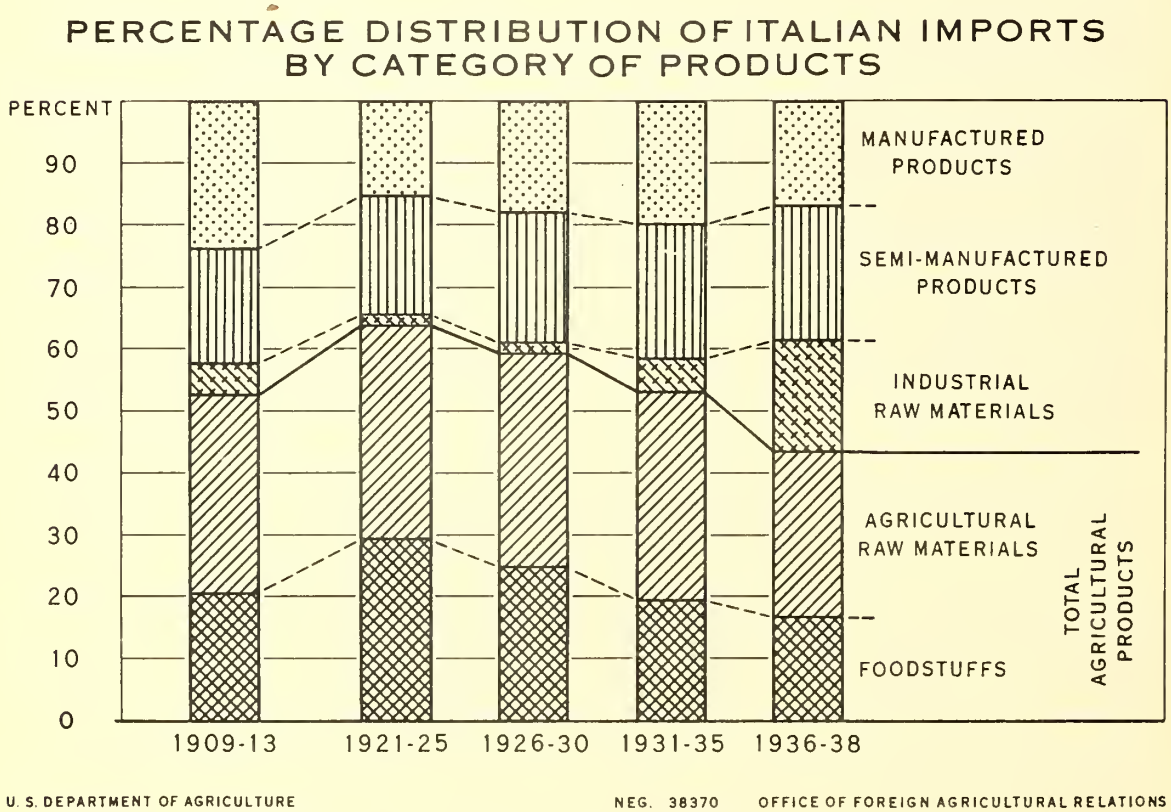

Figure 12.

Cotton: Raw cotton is the outstanding Italian agricultural import and one of the principal items in the import trade, accounting in 1934-1938 for about 8.5 percent of the total. Although in recent years great efforts have been made to increase cotton production in Italy, particularly in Sicily and the southern provinces, the output is only about 5 percent of domestic requirements. Italy is therefore almost wholly dependent on foreign sources of supply. Imports, however, have been materially reduced in the past few years, declining from a yearly average of 890,000 bales in

1931-1933 to 655,000 in 1936-1938. This decline of over 26 percent is due chiefly to the drastic import restrictions in effect after 1934 and the partial substitution of domestic fibers - principally rayon and hemp - for imported cotton.

The leading suppliers of Italy s raw cotton are the United States, which normally supplies about 60 percent of the total, Egypt, and India, in recent years supplying 17 and 10 percent of the imports, respectively. Whereas the proportion of imports from the United States has declined somewhat in recent years, the proportion from Egypt has increased materially, and purchases in India have been drastically reduced. This development is in accord with the Italian foreign trade policy of purchases from countries with which Italy has barter or other trade agreements not involving the use of foreign exchange.

The importation of raw cotton into Italy is subject to the rigid control of the *Istituto Cotoniero Italiano* (Italian Cotton Institute), a government-controlled cartel of all Italian spinners. The Institute, in collaboration with the government import control authorities, determines the quantity to be imported annually and distributes the necessary import licenses among the importing firms.

Wheat: Until 1930 wheat and raw cotton vied for first place in the total import trade of Italy. In some years both together accounted for about a third of the total value of that trade. Beginning with 1931, however, the value of cotton imports has exceeded that of wheat.

The "Battle of Wheat," begun in 1925 to free Italy from its dependence on foreign nations for its bread, has been responsible for the reduction of wheat imports in the past 15 years, especially through the application of high tariffs, import licenses, and, in some years, outright import prohibition. This reduction, which has been very substantial, has not been wholly offset by a corresponding increase in domestic production, with the result that the quantity available for domestic consumption has recently declined (see table 14).

Wheat imports were reduced from a yearly average of 80 million bushels in 1926-1930 to slightly over 30 million in 1936-1938. Thus, despite the "success" of the "Battle of Wheat," Italy is still a wheat importer; in fact, domestic production in some years is so low that substantial quantities must be imported. This was the case in 1936, when more than 60 million bushels of wheat had to be purchased abroad (see table 11).

The principal suppliers in recent years have been Argentina, which in 1936-1938 supplied 34 percent of the imports, Australia (18 percent), Hungary, and Rumania.

Raw wool: Wool is the second most important agricultural raw material import: however, the drive for economic self-sufficiency, with its drastic import restrictions and compulsory substitution of domestic for foreign fibers, has reduced wool imports to less than half the volume of a decade ago. From a yearly average of 150 million pounds in 1931-1933 imports have declined to 70 million in 1936-1938. The principal losers have been Australia, which normally supplies 40 percent of the

imports, the Union of South Africa, and Argentina. Despite this decline wool continues to rank normally between third and fifth among the 10 principal commodities imported, accounting for between 3 and 5 percent of the value of all imports.

Oilseeds and oils: The principal oilseeds and oil products imported are olive oil, peanuts, flaxseed, and copra. During the past decade imports of olive oil and copra have declined substantially; those of flaxseed have decreased only slightly; and those of peanuts have increased. The principal decline has affected olive oil imports, which were reduced from a yearly average of 115 million pounds in 1931-1933 to 56 million in 1936-1938, a decline of over 50 percent. During the same period imports of copra were reduced from 80 to 60 million pounds, a decrease of 25 percent; and flaxseed imports fell from 2.6 to 2.4 million bushels. Imports of peanuts, on the other hand, increased by about 80 percent, from 197 million pounds in 1931-1933 to 352 million in 1936-1938. The principal suppliers of olive oil are Spain (over 30 percent), Tunisia, and Syria; of peanuts, India (over 80 percent of the total); of flaxseed, Argentina (90 percent); and of copra, the Netherlands Indies (over 25 percent), the Philippines, and British Malaya.

Coffee: There is no coffee production in Italy, and all the coffee consumed must be imported. In order to save on the use of foreign exchange, however, the Italian Government has in recent years restricted coffee imports to a minimum, reducing them from a yearly average of 91 million pounds in 1931-1933 to 74 million in 1936-1938 - a decline of over 18 percent. The principal supplier is Brazil, which in recent years has furnished 53 percent of the imports, followed by Haiti, Colombia, and Venezuela. Altogether the countries of South and Central America supply about 82 percent of the Italian coffee imports, with the Netherlands Indies next in importance. Ethiopia sends very little coffee to Italy, especially since Ethiopian coffee is usually more than twice as expensive as the Brazilian product and is exported to countries with "free currency" in order to obtain foreign exchange.

Hides and skins: Imports of hides and skins also declined during the past decade from a yearly average of 73 million pounds in 1931-1933 to 52 million pounds in 1936-1938. As a result these products have not figured in recent years in the list of the 10 principal import commodities. The principal suppliers are the Italian possessions - which in 1936-1938 supplied 28 percent of the total - Argentina, supplying 18 percent, and France, the Netherlands, and Albania.

Crude rubber. Imports of this commodity, unlike those of most products entering Italy during the past decade, have registered a substantial increase. From a yearly average of 33 million pounds in 1931-1933 they have increased to about 53 million in 1936-1938 - a rise of almost 60 percent - largely because of the increased use of rubber for rearmament purposes and the inability of the Italians to replace much of it by the artificial product. The principal suppliers are British Malaya, which alone supplies 75 percent of the imports, and the Netherlands Indies.

Cattle. Imports of cattle have also been reduced recently with the drive for self-sufficiency, from a yearly average of 125,000 head in 1931-1933 to 90,000, a decline of 28 percent. Hungary and Yugoslavia together supplied most of the imports.

TABLE 11. *Imports of principal agricultural products into Italy, averages 1911-1915, 1922-1925, 1926-1930, 1931-1935; annual 1931 to 1938*

PRODUCT	UNIT	AVERAGE 1911-1915	AVERAGE 1922-1925	AVERAGE 1926-1930	1931	1932	1933	1934	1935	AVERAGE 1931-1935	1936	1937	1938
		Thousands	*Thousands*	*Thousands*	*Thousands*	*Thousands*	*Thousands*	*Thousands*	*Thousands*	*Thousands*	*Thousands*	*Thousands*	*Thousands*
Cattle	Heads	52	104	174	176	81	121	141	93	122	61	167	42
Hogs	Heads	13	15	33	9	62	7	9	2	18	1	42	3
Poultry, live	Pounds	2,079	3,996	9,333	31,657	34,095	30,423	30,355	19,255	29,157	3,136	9,686	5,289
Hides and skins	Pounds	56,996	77,931	77,640	78,906	63,516	93,197	108,285	93,932	87,567	39,529	69,273	49,464
Meats	Pounds	28,193	147,871	133,438	110,229	97,959	93,806	97,594	64,252	92,768	52,899	80,303	61,794
Lard	Pounds	6,074	7,123	7,484	2,793	5,769	6,654	6,471	811	4,500	125	2,768	576
Tallow	Pounds	(1)	30,323	21,642	17,165	16,881	17,392	11,721	17,885	16,209	9,410	8,985	13,554
Eggs, in shell	Dozens	2,734	4,270	23,304	36,213	51,425	12,908	12,123	7,416	24,017	3,288	12,362	10,356
Butter, fresh	Pounds	858	1,105	2,143	6,185	3,816	2,358	3,308	929	3,319	940	5,114	464
Cheese, solid	Pounds	9,259	8,366	11,442	9,982	8,721	9,884	10,074	10,553	9,843	7,878	9,441	10,198
Wheat, hard	Bushels	20,807	18,443	22,547	13,058	9,644	3,564	3,904	1,951	6,424	2,360	508	471
Wheat, soft	Bushels	39,889	71,973	57,548	41,505	29,163	13,545	13,329	18,246	23,158	17,299	60,427	10,203
Wheat flour	Barrels	37	49	41	144	132	192	95	28	118	9	45	170
Barley malt	Pounds	28,728	42,984	32,364	17,782	13,007	13,369	8,325	14,513	13,399	9,090	9,797	8,825
Barley	Bushels	165	316	333	1,172	1,299	1,456	2,968	4,015	2,182	1,782	1,213	1,873
Corn	Bushels	12,281	12,417	25,908	29,060	25,324	5,471	6,446	9,963	15,253	6,563	4,967	2,178
Bananas	Pounds	7,429	3,948	2,942	3,491	12,599	24,086	29,041	31,621	20,167	42,704	49,533	58,762
Peanuts	Pounds	71,140	74,449	259,949	269,313	140,027	184,042	413,964	88,308	219,131	118,643	763,990	174,935
Flaxseed	Bushels	1,576	1,703	2,431	2,412	2,702	2,954	2,541	2,839	2,690	2,132	3,195	2,117
Olive oil	Pounds	13,176	107	28,149	180,581	83,518	81,888	62,464	61,750	94,040	24,073	49,916	94,022
Copra	Pounds	(1)	38,861	64,240	74,598	81,332	86,072	116,812	110,016	93,766	68,209	52,633	65,151
Potatoes	Bushels	156	81	2,283	4,215	1,989	1,150	3,225	2,796	2,675	2,144	2,878	1,557
Coffee, green	Pounds	66,548	101,688	101,111	96,622	90,027	86,592	86,669	89,095	89,801	70,132	83,762	79,409
Sugar	Tons	7	57	51	15	13	13	12	17	14	10	12	41
Tobacco	Pounds	45,131	239	13,450	6,004	8,833	6,347	6,616	6,276	6,815	1,360	4,284	9,463
Cotton, raw	Bales	930	924	1,043	786	877	1,014	864	686	845	468	768	730
Wool	Pounds	52,328	79,441	107,652	105,094	158,998	189,372	147,204	115,985	143,330	42,298	93,013	77,117
Jute, raw	Pounds	90,325	86,740	114,300	97,867	84,627	107,572	124,715	128,577	108,672	95,140	95,799	90,485
Rubber, crude	Pounds	7,575	19,985	30,926	22,613	34,273	43,453	47,994	58,380	41,343	37,047	55,924	64,662

[1] Not separately classified. [2] Includes sesame seed.

Compiled from *Movimento Commerciale del Regno d'Italia*, Rome (annual)

AGRICULTURAL TRADE WITH THE UNITED STATES

Because of its policy of using only free exchange for payment in its foreign trade relations, the United States was the principal source of Italian foreign exchange before Italy's entry into the present war. In order to increase its reserves Italy has recently encouraged exports to the United States, attempting at the same time to reduce its imports from this country.

Since December 16, 1937, when the United States-Italian Treaty of Commerce and Navigation (of February 26, 1871) was terminated, trade between the two countries has been conducted under a temporary commercial arrangement. This provides for most-favored-nation treatment and guarantees to the United States in principle a "fair share" in Italy's imports of commodities "of considerable interest."

Two trends have characterized the total foreign trade between the United States and Italy in the past 15 years: The value of Italy's imports from this country has consistently exceeded that of its exports; and the United States' share in Italy's imports has declined from a yearly average of 22 percent during 1924-1928 to 12 percent of the total in 1934-1938.

The first trend is explained by the fact that total imports from the United States include such expensive items as cotton, mineral oils, copper, machinery, and iron and steel scrap, whereas its exports are mainly of agricultural products, especially cheese, tomatoes, olive oil, lemons, and raw silk. The decline in Italian imports from the United States, on the other hand, has resulted chiefly from two developments: the recent diversion of trade to countries dealing with Italy on a barter basis, and the increasing use of domestic substitutes.

Despite this decline, the United States continues to occupy an important position in Italy's foreign trade. In recent years it has been Italy's second largest supplier, after Germany, and its third largest market, after the Italian possessions and Germany. Italy, on the other hand, is not so important in the foreign trade of the United States. In 1939 it was only eighteenth on the list of foreign suppliers and sixteenth among United States foreign markets.

The agricultural trade between the two countries is also in favor of the United States: Exports of farm products to Italy averaged 26.6 million dollars in 1935-1939, compared with 24 million dollars' worth of imports.

Italian agricultural exports. Italian agricultural exports to the United States are, with the exception of raw silk and hemp, almost exclusively of foodstuffs (see table 12) - cheese, olive oil, canned tomatoes, wines, and chestnuts and shelled almonds - which are consumed to a large extent by Americans of Italian birth. During the past 10 years these exports have gradually but consistently declined - due, first, to the reduction in immigration and the corresponding gradual decline in the number of Italian-born residents; second, to the fact that American-born Italians do not so strongly prefer Italian products; and third, to the increasing production of Italian specialties in the United States.

The United States is Italy's largest market for cheese. During 1934-1938 over 50 percent of all Italian cheese exports were shipped to the United States, largely cheese of the hard varieties - especially Pecorino, which accounts for about 60 percent of the total. In value, cheese is the largest single item in the United States import trade with Italy, representing between 12.5 and 15 percent: it is also one of the few items in that trade that has not declined appreciably from the peak years of 1928-1929. Italy is still by far the principal supplier of cheese to this country, followed by Switzerland and Canada.

TABLE 12.--*Principal Italian agricultural exports to the United States, averages 1927-1929, 1930-1933; annual 1934 to 1938*

YEAR	CHEESE	TOMATOES, CANNED	OLIVE OIL, EDIBLE	WINES AND VERMUTH	HEMP AND TOW	SILK, RAW	ALMONDS, SHELLED	LEMONS	RICE, CLEANED
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 gallons*	*Tons*	*1,000 pounds*	*1,000 pounds*	*1,000 boxes*	*1,000 pounds*
Average:									
1927-1929	32,729	125,025	9 520	56	1,976	900	7,059	848	1,795
1930-1933	29,524	72,534	27,423	111	927	3,111	3,472	437	1,154
Annual:									
1934	26,050	81,380	9 083	1,462	907	111	433	115	1,005
1935	32,427	84,860	13 193	954	794	662	3,163	44	767
1936	24,663	57,266	8 317	749	605	2,285	7,840	111	0
1937	25,271	54,582	12,487	1 042	172	1,264	2,475	228	(1)
1938[2]	25,266	64,036	26,712	887	327	2,607	1,123	4	(1)
	EXPORTS TO UNITED STATES AS PERCENTAGE OF TOTAL								
	Percent	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
Average:									
1927-1929	44.3	51.9	52.2	0 2	2.3	7.3	13.7	12 6	0.4
1930-1933	40.8	44.0	32.0	0.004	1.5	30.0	7 7	5 8	0.3
Annual:									
1934	47.1	50.8	26.1	5.6	1.4	2.7	0.8	1,6	0.3
1935	53.0	51.0	35.6	3.8	1 7	14 3	5-0	0.7	0,3
1936	57.6	52.5	35.7	2.0	2.6	40.2	13.5	2.1	0
1937	48.0	28.4	32.3	2 1	0.4	28.1	6.1	3,6	(1)
1938[2]	46.7	36.6	41.4	2.3	0.7	46.8	1.7	0.07	(1)

[1] If any, included in "other countries." [2] Preliminary

Compiled from *Movimento Commerciale del Regno d'Italia.*

Edible olive oil is next in importance in the import trade with Italy, normally exceeding 11 percent of the total value. Here again the United States is Italy's largest market, taking on an average about 35 percent of all its edible olive oil exports. Over 90 percent of the olive oil consumed in the United States is imported, principally from Italy, which supplied between 50 and 60 percent, and Spain. About 40 percent of these imports consist of packaged olive oil, of which Italy is the leading supplier, and the rest of bulk oil, principally from Spain.

Normally about 85 percent of Italy's production of canned tomatoes and 34 percent of its tomato paste output are exported. The United States is the leading market, purchasing about 50 percent of all Italian exports before 1936 and over 30 percent thereafter. Practically all United States imports of canned tomatoes and tomato paste are from Italy.

The United States is also the principal market for Italy's raw silk exports. During 1936-1938 it took an average of about 40 percent of these shipments. No raw silk is produced in this country, which depends entirely on imports to satisfy domestic requirements. In recent years Japan has supplied 90 percent of these imports, China less than 5 percent, and Italy between 2 and 4 percent.

Wines and vermuth are next in importance in the Italian export trade with the United States. Our imports of these products, however, have declined from a yearly average of 4.7 percent of Italian exports in 1934-1935 to 2 percent in 1936-1938.

Italian agricultural imports. The most important Italian agricultural imports from the United States are raw cotton, wheat, leaf tobacco, dried prunes, and lard.

Raw cotton is by far the most important single item in the Italian agricultural and industrial import trade with the United States, normally accounting for about 40 percent of the total. The United States supplies approximately 60 percent of Italy's imports of raw cotton, followed by Egypt and India. Italy ranks fifth as a buyer of American cotton, purchasing an average of 9 percent of our raw cotton exports.

Since 1933 total Italian raw cotton imports, as well as those from the United States, have been materially reduced as a result of the enforcement of import restrictions and the substitution of domestic for imported fibers. Quotas are granted to countries according to their share of the imports during the base year 1934. However, although the percentage of raw cotton imports from the United States remains the same as that of 1934, the total yearly quantity varies, and is fixed by the government according to the amount believed necessary to satisfy domestic needs and to the available foreign exchange. Thus in 1934 Italy imported a total of 864,000 bales of raw cotton, of which the United States supplied 532,000 bales, or 61.5 percent. Since then, however, the Italian Government has fixed the total at a much lower figure, so that although the United States has continued to supply about two-thirds of these imports, the actual quantities of raw cotton imported from this country have been much below the 1934 figure (see table 13).

The rule of distribution of imports according to the share a country supplied in 1934 is not always followed. If Italy can obtain its imports through barter, or if it seems politically expedient to deal with other countries, this policy is followed regardless of whether the country in question supplied anything at all in 1934. This policy governs the rest of Italy's agricultural imports from the United States, especially of wheat, leaf tobacco, dried prunes, and lard. If it has not been more drastically applied in the case of cotton, it is because Italy has been unable to obtain from other countries the quantities and types it needs.

Italy's wheat imports vary greatly, according to the size of its crop. Its imports from the United States, however, have declined consistently since 1934. During that base year they represented 43.7 percent of the total, but reached a low of less than 4 percent in 1937. The share of the imports granted the United States has averaged only 9.6 percent during 1935-1938 (see table 13).

TABLE 13.--*Principal Italian agricultural imports from the United States, averages 1927-1929, 1930-1933, annual 1934 to 1938*

YEAR	WHEAT GRAIN	TOBACCO LEAF	COTTON RAW	CORN	RICE, CLEANED	PRUNES	WOOL, GREASY	LARD
	1,000 bushels	*1,000 pounds*	*1,000 bales*	*1,000 bushels*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
Average:								
1927-1929	28,062	5,305	762	468	382	5,239	313	8,303
1930-1933	9,455	2,430	633	96	412	9,575	114	4,571
Annual:								
1934	7,535	1,382	532	6	379	3,355	138	5,782
1935	3,083	770	401	0	68	1,924	0	294
1936	2,811	236	339	0	0	181	(1)	3
1937	2,386	642	453	0	0	12	(1)	1,379
1938[2]	547	529	439	0	0	634	(1)	65
	IMPORTS FROM UNITED STATES AS PERCENTAGE OF TOTAL							
	Percent	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
Average:								
1927 1929	33.6	37.7	72.2	1.7	8.2	47.4	0.3	87.6
1930 1933	20.8	11.1	69.9	0.1	4.6	81.5	0.09	89.0
Annual:								
1934	43.7	20.9	61.6	0.09	8.6	42.3	0.1	89.4
1935	15.3	12.3	58.5	0	0.9	40.6	0	36.3
1936	14.3	17.4	72.4	0	0	100.0	(1)	2.4
1937	3.9	15.0	59.0	0	0	0.5	(1)	49.8
1938[2]	5.1	5.6	60.1	0	0	27.1	(1)	11.3

[1] If any, included in "other countries." [2] Preliminary.

Compiled from *Movimento Commerciale del Regno d Italia.*

For the same reasons of political expediency the decline in lard imports from the United States has been equally sharp. Although this country supplied an average of about 90 percent of Italian lard imports before and during the base year of 1934, it accounted for an average of only about 25 percent during 1935-1938. The lowest year was 1936, when it supplied only 2.4 percent of the total.

In the case of tobacco and dried prunes, also, imports from the United States have recently declined. The decrease has not been so sharp as in the case of wheat and lard, because Italy could not obtain from "barter" countries the type and qualities it imported from the United States.

FASCIST AGRICULTURAL POLICY

DRIVE FOR SELF SUFFICIENCY

As previously mentioned, when the Fascists first came into power in 1922 they had no definite agricultural policy. Eager to win political support, they promised the millions of farm laborers that the *latifondi* would be subdivided among them; to the propertied class they promised better markets and higher prices for their products; comsumers were led to believe that abundance of good food at low prices would result from a Fascist victory.

It is true that 18 years of Fascist rule has brought better markets and higher prices to the farm owner. This result, however, has been achieved largely at the expense of consumers who have paid high prices for less food; and the masses of peasant-laborers are still waiting for the *latifondi* to be subdivided. Moreover, long before the outbreak of the present war the Fascists had set up, after years of experimentation with farm problems, the world's most rigid control of agricultural production and trade. Growers were told how much to produce of most of the principal crops, how much to keep for their own needs, where to deliver their output, and what price they might receive for it. Processors were unable to obtain any farm products except from specified agencies at government-fixed prices; no agricultural commodity could be imported or exported without a special government permit.

General autarchic trends. The war of 1914-1918 clearly revealed Italy's dependence on foreign countries for key industrial and agricultural raw materials, as well as foodstuffs. During that period imports of cotton, wool, wheat, meats, and fats and oils increased substantially. Moreover, because of the economic disorganization that immediately followed the war period, the excess of imports over exports was accentuated. In 1923 and 1924, the first 2 years of fascism, wheat imports, which alone accounted for over 16 percent of the value of all imports, were more than any other single item responsible for the adverse balance of trade that threatened the currency. With the view of easing the strain on the currency, the Fascist Government decided to reduce the large imports of foreign products, especially wheat, since it was the only principal import commodity of which domestic production could be expanded. Thus originated the famous "Battle of Wheat," which was to become the forerunner of the drive for agricultural self-sufficiency.

From 1925, when the wheat campaign was initiated, to the time of the invasion of Ethiopia in 1935, the agricultural policy of the regime was chiefly that of increasing wheat production. Even the Fascist program of land reclamation, instituted more than 3 years after the inception of the wheat campaign, was intended to bring more land under wheat cultivation. Although during that 10-year period the drive for greater grain output did provide a stimulus for a slight increase in the production and exportation of other crops, there was still no definite, all-embracing program for Italian agricultural self-sufficiency. On the contrary, tree crops and livestock production were decreased to provide more wheatfields.

The first all-inclusive program of agricultural self-sufficiency was not to take shape until the League of Nations' economic sanctions against Italy (November

1935-June 1936). The Fascist Government then realized the full extent of Italy's dependence for its very living on the outside world and decided to seek the maximum of economic self-sufficiency, without regard to cost. Addressing the General Assembly of the Corporations on March 23, 1936, after 4 months of economic sanctions, Mussolini said: ". . . the 18th of November 1935, the date of the start of sanctions, will henceforth represent the beginning of a new phase in Italian history, to be dominated by one rule: that of obtaining in the shortest possible time the maximum possible autonomy in the Italian economic life." To attain that goal a Supreme Commission for Autarchy was set up. The measures adopted by the Commission included (1) a drastic reduction in agricultural imports and a forceful drive to increase the use of substitutes; (2) a furthering of land reclamation and a greater encouragement to production; and (3) a policy of price-fixing and control of stocks.

Reduction in agricultural imports - use of substitutes: The League of Nations' economic sanctions not only demonstrated Italy's deficiency in many vital materials, but brought to the Fascists a feeling of insecurity which they believed could be best overcome by a program of military preparedness. Speaking of the possibility of war in his address to the corporations of March 23, 1936, Mussolini stated: "This dramatic eventuality must guide all our actions. In the present historical period, war is, according to the doctrine of Fascism, a factor determining the position of the State in the economy of the Nation." Accordingly, from March 1936 to June 1940, when Italy entered the present European war, one principal thought motivated Fascist economy - to obtain the maximum of economic self-sufficiency and military preparedness.

Italy, however, is deficient in coal, iron, and most industrial products necessary for the production of armaments. Moreover, its reserves of foreign exchange have never been sufficient to enable purchase of all its armament needs abroad. The Fascist leaders therefore decided to make the Italian people pay for rearmament by getting along with less food. Imports were increased of all industrial raw materials necessary for armament production: imports of farm products not absolutely needed for rearmament were reduced to a minimum. Moreover, in order to obtain the exchange to pay for industrial imports, exports of Italian foodstuffs were encouraged. Thus imports of industrial raw materials increased from 5.4 percent of all imports in 1931-1935 to 18.1 percent in 1936-1938, and imports of farm products declined during the same period from 53.3 to 43.5 percent. At the same time, exports of foodstuffs continued their upward trend, increasing from 31.5 to 32.5 percent of all exports (see tables 9 and 11.

As a result of the Fascist policy of reducing the importation of farm products, 26 of the 28 principal agricultural commodities generally imported showed a pronounced decline in 1936-1938 from the 1931-1935 level. The two products that showed an increase were bananas, imported from Italian possessions without need of foreign exchange transactions, and crude rubber, which was needed for the rearmament program. The large 1937 imports of wheat and peanuts were only to offset the short 1936 crops of domestic grain and olive oil (see tables 4 and 12).

At the same time, exports of Italian specialty foodstuffs such as canned tomatoes and paste, wines, fruits, nuts, and dried vegetables were increased (see table 9).

To make up for the reduction in imports, the compulsory use of domestic substitutes was adopted, particularly in the case of cotton, wool, and wheat, the three imported products chiefly responsible for the passive balance of trade. The sale of pure cotton or woolen goods for consumption in Italy was forbidden. The mixture of hemp with cotton in the manufacture of cotton goods, or the "cottonization of hemp," a result of the sanctions period, was adopted with success; and mixed cotton and hemp goods in the proportion of 50:50 - or even 60 percent hemp - have been produced in important quantities. The percentage of raw cotton used in the manufacture of cotton yarns accordingly declined from an average of 90 percent in 1934 to 73 percent in 1936, 62 percent in 1937, and only 60 percent in 1938. This was also responsible for the decrease in raw cotton imports from a yearly average of 845,000 bales in 1931-1935 to 655,000 in 1936-1938.

"Lanital," the artificial wool made of casein, was also first produced during the sanctions period, and its production has met with some success. The development of this product, together with the discovery of other artificial fibers to be mixed with wool, has resulted in a decrease in raw wool imports from a yearly average of 143 million pounds in 1931-1935 to 70 million in 1936-1938.

Although the admixture of substitute fibers with cotton and wool had been compulsory since 1936, the decree of April 20, 1939, provided regulations for making its observance uniform. The fibers mixed with the natural product were termed "autarchic," and included artificial fibers of all kinds, silk and silk waste, hemp, Spanish broom fiber, mulberry fiber, other vegetable fibers and their wastes, and rabbit, cattle, and other hair. The decree specified that woolen and cotton goods offered for sale in Italy must contain not less than 20 percent of one or more of these "autarchic" fibers.

In the case of wheat, other products such as corn, rice, or bean flour have been substituted for the imported wheat used in bread manufacture. This procedure was made compulsory in years of short wheat crops, such as in 1936 and 1937, and has helped to keep down imports that otherwise would have been much larger.

Land reclamation - production encouragement: Land reclamation work under government sponsorship and control began in Italy in 1865. By 1912, in fact, all the major tenets of the present Fascist reclamation program had been conceived; and viewed historically, it may be stated that the program is but an extension of pre-1914 trends. Before the advent of fascism in 1922, 1.5 million acres of marshland had been reclaimed, of which 800,000 acres were already under cultivation, and reclamation work was in progress on another 1.5 million acres.

At the end of 1928, more than 3 years after the launching of the wheat campaign, the Fascist Government provided the first real impetus for the land reclamation work, after it was realized that more land could thus be obtained for wheat cultivation. It is difficult to evaluate the effect of this program, since many of the statistics are incomplete or inconsistent. It cannot be denied, however, that measured in terms of financial and physical gain, land reclamation and soil improvement under the Fascist regime have been extensive.

The principal difference between land reclamation work in the pre-Fascist era and at present lies in the purpose of the two programs. In the past the reclaiming of swamps was mainly for reasons of public health and only incidentally to increase the agricultural land of Italy; the object of the Fascist program is increase in farm production. Even though the accuracy of the Fascist statistics on reclaimed marshland may be questioned, there is no doubt that in the past 10 years much of the increase in the acreage under wheat, potatoes, and sugar beets has come about as a result of reclaimed land, since Italy had previously no uncultivated land to spare.

In addition to putting more land under cultivation, the Italian Government has by various means attempted to increase agricultural production by intensifying the production of deficient crops. The methods used included high tariff duties, import prohibitions, assurance of a fixed minimum price to producers, awarding of cash prizes to growers obtaining high yields, low-price fertilizers, free distribution of quality seed, and, at times, direct financial subsidies.

Price-fixing control of stocks: Local government price-fixing of some agricultural products was adopted in Italy almost immediately upon the advent of fascism in 1922, but central and uniform price-fixing for the country as a whole is comparatively recent. Before reaching its present all-inclusive development, however, it went through three different phases. The first, chiefly political, lasted from October 1935 to September 1936, and originated during the Ethiopian conflict as a war measure for the purpose of preventing hoarding and speculation during the period of economic sanctions.

Fixing of the prices of food products and some industrial commodities applicable to the whole country was entrusted to the Permanent Price Committee of the Fascist Party, which was established in the fall of 1935. During its first year the Committee fixed maximum prices applicable to all Italy for corn, wheat, olive oil, wheat flour, rice, beans, canned tomatoes, coffee, pork, butter, cheese, and eggs.

The objects of the second phase of central price-fixing, begun in October 1936 following the devaluation of the Italian currency, were to maintain the consumer's purchasing power, protect the currency, and obtain advantage in foreign trade through price manipulation. It is significant that the first two phases dealt chiefly with the fixing of maximum prices for agricultural products. The system soon included all commodities. Except in a few cases no increase in price was allowed over the rates in existence in September 1936. Wholesale and export prices were also fixed.

The third and present phase in the development of central price-fixing began on April 28, 1937. Unlike the first two phases, it did not result from any special political or economic emergency, but is said to represent an integral part of the Fascist long-time program of obtaining a "just corporative price." Under this all-embracing economic control, under which both maximum and minimum prices are fixed, the interests of the population as a whole are considered, rather than those of the consumer alone. The Permanent Price Committee was abolished and its work taken over by the Central Corporate Committee. In fixing prices the Committee must investigate production costs in order to arrive at the "just corporative" price. The price of

imported products is fixed after taking into consideration the cost at country of origin, the expense of transportation, and what is believed to be an equitable profit. Control of prices has thus become one of the principal instruments of the corporate system of government. Aimed at stabilizing the national economic life, it has spread over a great variety of commodities agricultural as well as industrial, in every stage of production. In order to obtain stability in production, prices of most agricultural commodities are now fixed for the entire year at the beginning of each marketing season.

The chief instrument of local price-fixing is the maximum price list, which must be posted in each shop. The list, usually appearing every 15 days, publishes the highest wholesale and retail prices that may be charged for each article.

This list at present contains over 40 quotations for retail goods and about the same number for wholesale commodities. The provinces are allowed to publish other price lists for items not included. Provincial prices are fixed on the basis of the national prices established by the Central Corporate Committee and become official for the center of the province. Just as the prices fixed by the Central Corporate Committee are used as a base for the provincial list, so the provincial list is used in turn as a base for the maximum price lists in each community. In no case, however, can the local boards of the communities fix prices higher than those of the provincial list. The greatest publicity is given these fixed prices, as well as all price changes, through the radio and the press.

There is no doubt that had it not been for the establishment of maximum fixed prices during the Ethiopian war, the sanctions period, and following the devaluation of the lira in October 1936, present prices would have risen much higher. The fixing and guaranteeing of minimum prices to farmers as an encouragement to increase production, on the other hand, has proved a disappointment; although this procedure guaranteed a "fair" return to producers of surplus crops, it was no encouragement to producers of deficit crops (which it was aimed to increase), since they could always obtain a good price and often a higher price than that fixed by the government.

In order to assure supplies, prevent speculation, and regulate the distribution of principal agricultural products, the government has also set up a system of compulsory pools to which producers deliver their crop, and which alone are empowered to trade with processors. The first of these pools was eatablished in June 1936, when wheat producers were ordered to deliver their crop to specified organizations against payment of part of the fixed price, the balance to be paid after the pools disposed of the wheat. Two years later the control had extended to production; wheat farmers were ordered at the beginning of the season to increase or decrease their acreage according to the requirements of the Ministry of Agriculture.

Until a few days before the outbreak of war in September 1939, the compulsory pools were in force for wheat only. On August 26, 1939, a compulsory corn pool was established, followed in October by pools for rice and olive oil. The system has since been extended to include wheat and corn byproducts, bergamot extract, saffron, manna, hemp, seeds of textile plants, cotton, wool, silk cocoons, and wines.

This system has resulted in several advantages to the Fascist regime: (1) it enables small producers to obtain funds without having to dump their crop and depress the market; (2) it stabilizes market conditions and prevents speculation, since the basic price remains in force throughout the season; and (3) it enables the government to control production, to know exactly how much of the crop is available on any day throughout the marketing season, and to dispose of the crop as it pleases, without the knowledge of the trade and the public. In this way manipulations, sabotage, or a discouraging effect on the following year's production are prevented.

COST OF AUTARCHY

The drive for agricultural self-sufficiency has been a very costly enterprise to the Italian people without accomplishing a great deal. The actual cash outlay by the government has been a tremendous burden, and the prices paid by the Italian masses have often been 2 and 3 times higher than world prices.

TABLE 14.--*Principal foodstuffs available for consumption in Italy, averages per year per capita, 1926-1928, 1929-1931, 1932-1934, and 1935-1937*

PRODUCT	UNIT	1926-1928	1929-1931	1932-1934	1935-1937	1935-1937 AS PERCENTAGE OF 1926-1928
Wheat	Lb.	403.4	384.0	359.6	351.9	87.2
Corn	Lb.	75.0	69.0	63.9	69.7	92.9
Rice	Lb.	23.4	23.1	24.3	26.7	114.1
Potatoes	Lb.	83.8	68.1	98.1	78.5	93.7
Vegetables, dried	Lb.	31.7	28.7	34.4	27.1	85.5
Vegetables, fresh	Lb.	142.0	129.2	117.3	118.8	83.7
Fruits, fresh	Lb.	95.5	86.0	98.8	75.0	78.5
Fruits, dried	Lb.	37.0	37.7	28.9	27.1	73.2
Sugar	Lb.	18.5	18.1	15.2	15.9	85.9
Coffee	Lb.	2.4	2.4	2.0	1.8	75.0
Meats	Lb.	45.4	43.0	40.1	41.2	90.7
Eggs	Lb.	13.7	14.8	17.2	16.3	119.0
Cheese	Lb.	10.1	10.4	11.0	11.0	108.9
Olive oil	Lb.	10.4	12.6	10.6	10.4	100.0
Lard and bacon	Lb.	8.8	8.8	7.5	8.2	93.2
Butter	Lb.	2.4	2.2	2.4	2.6	108.3
Milk	Qt.	34.8	35.6	36.1	35.6	102.3
Wine	Gal.	28.1	29.3	25.4	22.5	80.1

Compiled from *Annuario Statistico Italiano.*

During the 10-year period ending 1938, government expenditures for land reclamation work had exceeded 5 billion lire, or about 250 million dollars. In addition, over 4 billion lire, or about 200 million dollars, had been spent on semi-private reclamation work executed with government subsidy.[5] By the end of 1938, direct

[5] Tassinari, G., *Ten years of integral land-reclamation under the Mussolini Act,* Fratelli Lega, Faenza, Italy, 1939, p. 159.

government expenditures for the promotion of wheat production had been well in excess of 500 million lire, or about 25 million dollars. To Italian consumers, on the other hand, the cust of the wheat program alone has been well above these figures. It is estimated that from the beginning of the wheat campaign in 1925 to the end of 1939, Italian consumers had paid a premium of about 4 billion dollars, by paying more than twice as much for their wheat as they would have if the government had not fixed prices at levels above world quotations. This estimation, moreover, does not take into account the premium on most other agricultural products of which the prices had been fixed by the government.

The great emphasis of the Italian Government on wheat production and the greater purchasing power of wheat resulting from tariff protection and high fixed prices have caused many farmers to substitute wheat for other crops. This has tended to increase production of wheat on marginal lands, with the possible creation of a "dust bowl" problem in the future. Another consequence of the wheat program has been the disturbance in balance between the various branches of Italian agriculture. Among the agricultural enterprises suffering most from the one-sidedness of the wheat policy was the livestock industry. The high costs of grain and fodder have prevented livestock producers from meeting the competition of the cheaply produced Danubian meats. Conversion of natural pastures into wheatfields and the high rents of pasture lands have also caused great damage to the sheep industry, thus adversely affecting the wool output (see table 5).

Decrease in consumption: Whatever measure of agricultural self-sufficiency has been obtained in recent years as a result of the sustained drive toward autarchy has been accomplished chiefly by forcing the Italian masses to consume less and pay more for their purchases. Not only have the quantities of farm products available for consumption been less in 1936-1938 than in 1931-1935, but they had to supply a population 3.5 percent greater. This has resulted mainly from the fact that imports have been reduced more sharply than production has increased, while exports have been either maintained or increased (see tables 11 and 14).

From 1926-1928 to 1935-1937 the average yearly per-capita consumption of 12 of 18 food products included in the Italian diet had declined, that of one had not changed, and that of 5 had registered slight increases. Declines ranged from about 27 percent in the case of dried fruits to about 7 percent in the case of lard and bacon. Items important in the Italian diet, such as wine, wheat, meats, sugar, and dried vegetables, registered substantial declines (see table 14). One may better judge the significance of this reduction from the fact that even before the drive for self-sufficiency Italy's food consumption, both in quantity and quality, was already one of the lowest in Europe.

Increase in cost of living. Another consequence of the drive for self-sufficiency has been the great increase in the cost of living, resulting largely from the decline in the actual quantities of agricultural products available for consumption. Thus, the government-fixed maximum sale prices for most agricultural products were often exceeded. Official price lists for January 1939, for example, showed that actual selling prices on the Milan Grain Exchange were above the government-fixed

quotations - by more than 30 percent in the case of linseed cake and by 10 and 20 percent for corn and wheat, respectively. This advance was brought about with the full knowledge of the government, which, for political reasons, was making concessions to the Italian farmers.

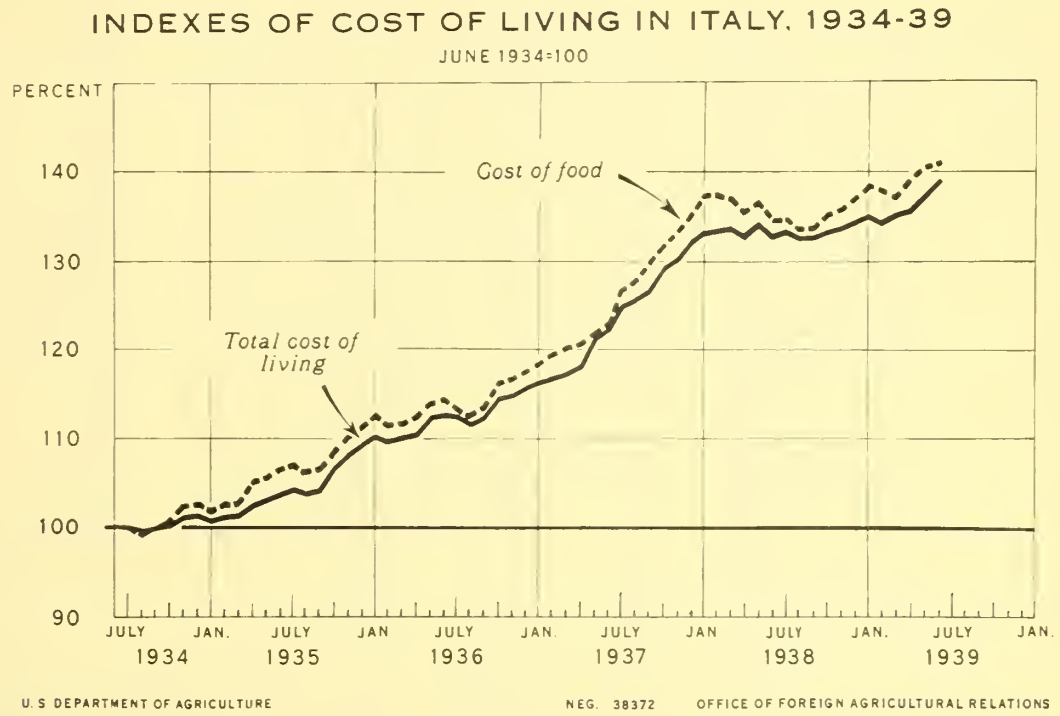

Figure 13.

The scarcity of foodstuffs in recent years has also caused the government to increase the maximum prices above which retailers may not sell their products. Official average retail prices of 17 products in the Italian diet during the past 5 years indicate that from 1934 to 1938 the price of every one of those items had risen substantially. The largest increases were in the price of dried beans (a rise of 104 percent), lard (62 percent), olive oil (44 percent), rice and bacon (43 percent), beef and butter (38 percent), and bread and pork (over 34 percent). These increases, occurring largely in the price of domestic produce, are accounted for to only a slight extent by the 40-percent devaluation of the lira in the fall of 1936.

The index numbers of the cost of living have shown an upward trend from 1934 to the middle of 1939. Taking June 1, 1928, as a base period, these increased from an average of 76.4 percent in 1934 to an average of 101.3 percent in the first six months of 1939. It is noteworthy, moreover, that during the same period the index numbers of the cost of food increased more rapidly - from 70.4 to 95.3 percent (see table 16 and fig. 13).

TABLE 15.—*Average retail unit prices of principal foodstuffs in Italy, 1934 to 1938*

PRODUCT	UNIT	1934	1935	1936	1937	1938	1938 AS PERCENTAGE OF 1934
		Lire	*Lire*	*Lire*	*Lire*	*Lire*	*Percent*
Bread	Lb.	.63	.66	.72	.78	.84	134.1
Wheat flour	Lb.	.68	.71	.76	.83	.88	130.0
Alimentary paste	Lb.	.94	.95	1.02	1.12	1.22	130.4
Rice	Lb.	.62	.65	.71	.74	.89	143.1
Potatoes	Lb.	.23	.27	.29	.27	.26	111.8
Beans, dried	Lb.	.49	.63	.97	.97	1.00	204.6
Beef	Lb.	3.17	3.22	3.45	4.24	4.39	138.5
Pork	Lb.	3.78	3.65	3.78	4.90	5.12	135.3
Bacon	Lb.	3.16	3.11	3.30	4.46	4.51	142.8
Lard	Lb.	2.62	2.70	3.10	4.20	4.25	162.4
Butter	Lb.	4.79	5.23	5.62	6.87	6.62	138.3
Cheese	Lb.	5.02	4.41	4.42	5.06	6.16	122.8
Eggs	Doz.	4.57	4.69	5.40	5.76	6.05	132.4
Olive oil	Qt.	6.06	6.65	7.19	9.18	8.73	144.1
Sugar	Lb.	2.90	2.87	2.80	2.81	3.01	103.8
Coffee, roasted	Lb.	12.66	12.94	14.13	15.04	14.37	113.4
Milk	Qt.	1.13	1.13	1.19	1.26	1.38	122.2

Compiled from *Annuario Statistico Italiano*, 1939.

Complete data on the trend of earnings of the Italian masses are lacking, but it seems certain that average wage rates had not increased in the same proportions. Thus, even during the "normal" month of December 1938, in the period of "just corporative prices," consumers had to pay the equivalent of 16 cents a pound for sugar, 75 cents a pound for coffee, 39 cents a pound for butter, 33 cents a pound for cheese, and 22 cents a pound for olive oil. These must be considered high prices in a country where industrial wages average only about 10 cents an hour.

So far, the drive for self-sufficiency has not only forced Italians to pay more for less food, but whatever foodstuffs and clothes they have been able to buy have been adulterated. Bread is mixed with corn, beans or rice; cotton and woolen goods are mixed with "autarchic" fibers: even the quality of "pasta," the most important form of food consumed in Italy (for spaghetti and macaroni), is now lowered by the compulsory reduction in the percentage of hard wheat used.

The present European war has further aggravated the situation. From August 1939 to May 1940, Italian food prices soared another 33 percent. Moreover, since June 1940, when Italy entered the war, and despite government efforts to prevent speculation, food prices have continued their steady upward trend (see pages 695 and 697-698).

TABLE 16.—*Monthly total and food index numbers of the cost of living in Italy, 1934 to June 1939 (June 1, 1928=100)*

MONTH	1934	1935	1936	1937	1938	1939
	INDEX OF TOTAL COST OF LIVING					
January	80.6	75.1	82.0	86.4	99.1	100.5
February	79.8	75.3	81.8	86.9	99.2	100.0
March	79.5	75.4	81.9	87.2	99.3	100.5
April	79.4	76.3	82.2	87.8	98.7	101.0
May	75.2	76.7	83.5	90.2	99.7	102.0
June	74.4	77.3	83.8	91.0	98.8	103.5
July	74.3	77.5	83.6	92.9	99.0	–
August	74.1	77.2	83.1	93.3	98.6	–
September	74.3	77.5	83.6	94.2	98.6	–
October	74.5	79.4	85.2	96.0	99.0	–
November	75.2	80.5	85.5	96.9	99.5	–
December	75.4	81.5	86.0	98.3	100.0	–
Yearly average	76.4	77.5	83.5	91.7	99.1	101.3
	INDEX OF FOOD COST					
January	74.5	69.9	77.1	81.1	93.9	95.0
February	73.2	70.2	76.5	81.9	93.9	94.5
March	72.8	70.4	76.6	82.3	93.8	94.0
April	72.7	72.0	77.0	82.6	92.8	95.4
May	69.8	72.3	78.1	83.5	93.6	96.2
June	68.5	73.1	78.4	84.2	92.2	96.5
July	68.4	73.3	77.9	86.8	92.3	–
August	68.0	72.8	77.1	87.5	91.5	–
September	68.4	73.1	77.8	89.0	91.6	–
October	68.8	74.6	79.6	90.2	92.7	–
November	69.9	75.6	79.9	91.2	93.1	–
December	70.3	76.4	80.5	92.6	94.0	–
Yearly average	70.4	72.8	78.0	86.1	93.0	95.3

Compiled from *Annuario Statistico Italiano*, 1939.

CAN ITALY ATTAIN COMPLETE SELF SUFFICIENCY?[6]

So far, any advance toward autarchy has been obtained through a decrease in consumption and a rise in the cost of living. Whether complete agricultural self-sufficiency can be attained depends a great deal on how much more "tightening of the belt" the Italian masses are willing to undertake and on how far they will go in purchasing substitute "autarchic" products - in other words, on how low a standard of living they will accept.

[6] Only continental Italy and the islands of Sicily and Sardinia are considered.

Despite the gains claimed by the Fascists in their drive toward autarchy, the country is still deficient in the production of many vital foodstuffs and agricultural raw materials. Italy is far from self-sufficient in meats, fats and oils, cereals, and coffee; and it must import practically all its requirements of cotton, rubber, jute, and wool. Moreover, it is still slightly deficient in the production of edible beans, sugar, and poultry products (see table 17).

Can Italy increase its output of these products to the point of self-sufficiency? The immediate answer is "no" in the case of natural rubber, cotton, jute, and coffee, which because of unfavorable soil and climatic conditions cannot be produced domestically.[7] From a long-time point of view, on the other hand, and if the people are willing to accept further sacrifices, it may be possible to produce artificial rubber in large quantities at low cost; to mix artificial and domestic fibers in such a way as to dispense with the use of cotton; and to mix chicory with other ingredients so as to satisfy the Italian appetite for coffee. All this, however, may be very costly; and until success is achieved Italy will have to import large quantities of natural products to satisfy its needs.

In the case of cereals, meats, and fats and oils, it may be possible to obtain at high cost a small increase in production. It is doubtful, however, whether that increase could satisfy the country's requirements.

In Italian studies of agricultural self-sufficiency, each specialist has tended to solve the deficiency problem for the commodity discussed by assuming an increase in acreage; yet the 1929 agricultural census shows that Italy has very little cultivable land to spare. Although it is true that in 1929 the "productive but uncultivated" land was estimated at 4.7 million acres - about 6.6 percent of the agricultural and forest land - the location of much of it indicates that it consists largely of wasteland and swamps, of which only a very small percentage may be reclaimed. It seems highly improbable, therefore, that such a small acreage could suffice to increase production to the point of self-sufficiency of the three major groups of highly deficit crops - cereals, livestock, and fats and oils - as well as of those in which Italy is slightly deficient. The most the Fascists could hope for would be to reclaim enough land to attain self-sufficiency in the latter group. The problem, however, will be difficult to solve in the case of cereals, meats, and fats and oils.

Cereal output may be increased only by reclaiming more marshland or by transferring some of the land now in pasture. In the first case the cost might be too high; in the second, livestock production would be further decreased, creating at the same time a "dust bowl" problem through intensive use of marginal lands.

Livestock production may be expanded only by using all available land for pastures rather than by converting some of it to cereals and, in addition, by reclaiming more marshland for pasture. Thus meat production could be increased only at the expense of any further increase in cereal production. In either case, however, it is doubtful if the increase would meet present low requirements.

[7] Cotton production has recently been encouraged in Sicily and other southern Italian provinces, but the output is only a very small percentage of the requirements.

Italy will find it particularly difficult to satisfy its domestic needs of fats and oils. At present the domestic output, chiefly of olive oil, satisfies less than two-thirds of the requirements. It is estimated that the further planting of some 50 million olive trees may solve the problem. Here again not only is the land area for such an extension of acreage lacking, but even with the Fascist program of planting 500,000 trees every year, a century would be required to complete the planting.

TABLE 17.—*Percentage of Italian self-sufficiency in principal agricultural products, average 1936-1938*

PRODUCT	UNIT	PRODUCTION	NET IMPORTS	NET EXPORTS	APPARENT CONSUMPTION	PERCENTAGE SELF-SUFFICIENCY
		Thousands	*Thousands*	*Thousands*	*Thousands*	*Percent*
Foods and feeds:						
Wheat	Bu.	273,850	22,487	-	296,337	92
Rye	Bu	5,444	540	-	5,984	91
Rice	Bu.	38.246		4,580	33,666	114
Barley	Bu.	10,316	1.622	-	11,938	86
Oats	Bu.	39,663	2,883	-	42.546	93
Corn	Bu.	123,168	4,565	-	127,733	96
Feed concentrates	Ton	0	45	-	45	0
Pork	Lb.	515,016	-	6,084	508,932	101
Beef	Lb.	726,371	106,702	-	833,073	87
Mutton[1]	Lb.	110,803	309	-	111 112	100
Butter	Lb.	115,940	639	-	116,579	99
Cheese	Lb.	527,142	-	40,700	486,442	108
Lard, including tallow	Lb.	338,780	13.558	-	352,338	96
Vegetable oils:						
Olive oil	Lb.	432,600	9,185	-	441.785	98
Oilseeds	Lb.	[2] 18,094	553.455	-	571,549	3
Potatoes	Bu.	107,791	-	2,530	105,261	102
Dry beans, edible	Bag[3]	3,713	772	-	4,485	83
Sugar	Ton	405	20	-	425	95
Coffee	Lb.	0	77,767	-	77,767	0
Agricultural raw materials:						
Cotton, raw	Bale	25	[4] 265	-	290	9
Rubber, crude	Lb.	0	52,544	-	52,544	0
Wool, raw	Lb.	38.000	[5] 50,809	-	88,809	43
Jute, raw	Lb.	0	93,808	-	93,808	0
Hemp, raw	Ton	111	-	30	81	137

[1] Including goat meat. [2] Flax and hemp seed only. [3] Of 100 pounds.

[4] Raw cotton equivalents of cotton goods and yarn exports have been deducted.

[5] Raw wool equivalents of woolen goods and yarn exports have been deducted.

Compiled from official sources.

Realizing the difficulties of attaining their goal of complete autarchy, the Fascists have recently claimed that self-sufficiency does not necessarily mean the cutting off of all foreign trade. Their new plan is to increase their agricultural

output in order to reduce farm imports to an absolute minimum. Moreover, because of their deficiency in coal, iron, and other vital industrial raw materials, they intend to continue importing their needs in these products and to pay for them largely by increased exports of their surplus crops. In other words, they now admit that the purpose of the drive is an increase in agricultural production to pay for industrial imports. So far this has proved costly to the Italian masses, since imports have been reduced before a corresponding increase could take place in farm output. Moreover, since Italy has little land to spare for a substantial increase in farm production, the Italian people will have to lower their standard of living further, or the Fascist Government will have to modify again its concept of self-sufficiency.

ITALIAN AGRICULTURE AND THE WAR

ECONOMIC CONDITIONS BEFORE ITALY S PARTICIPATION

Immediately after the outbreak of the war in September 1939, Italy not only suspended the publication of all economic statistics but restricted the information regarding economic conditions in the country. The effects of the war, therefore, can be discussed only in general terms.

Unlike Great Britain and France, Italy had been living under some kind of war economy long before the outbreak of hostilities. For many years a rigid control had been exercised by the government over agricultural production, trade, prices, and consumption, so that when war broke out Italy had merely to tighten the existing control measures and adapt them to the new situation. Great Britain and France, on the other hand, were obliged to build a complete new war economy in the midst of hostilities, often creating confusion and delay when utmost efficiency was vitally important.

At the outbreak of war Italy was already suffering from the effects of 4 years of conflict in Ethiopia and Spain, from the uneconomic attempt to achieve self-sufficiency, and from the increasing tempo of rearmament. These factors resulted in depletion of the reserves of agricultural raw materials and foodstuffs. Moreover, the Allied blockade against Germany prevented Italy from accumulating large stocks of vital raw materials.

Thus, although Italy was not at war and could still continue to trade with the belligerents, its inability to obtain products from overseas in quantities and at prices comparable with pre-war levels was soon to tell on its domestic economy. Despite the drive for self-sufficiency, Italians began to feel, as during the League of Nations' economic sanctions, the ill effects of being dependent on the rest of the world for many products. This was reflected chiefly in the scarcity of some farm products, a ban on exports of vital agricultural commodities, a substantial rise in prices of foodstuffs, and the rationing of some commodities.

Ban on exports: Immediately upon the outbreak of war in 1939 Italy required a special license for the exportation of all agricultural products. This regulation was relaxed a month later, however, except in the case of wheat, rice, butter, lard, vegetable oils, dried vegetables, hides, oats, bran, and hay. As the war advanced

and imports became more difficult to obtain, the government further restricted exports. In February 1940 all cereals and some meats were added to the list of products requiring licenses; all meats, raw hemp and tow, silk waste, and cut skins were added in April 1940.

On December 6, 1939, when stocks of raw cotton were running low, it was decided to facilitate imports by considering all requests for cotton import permits as being "urgent." To pay for these and other vital purchases the government decided in January 1940 to subsidize exports to "free exchange" countries by paying a premium on the foreign exchange received for exported goods. Thus for each dollar received for goods shipped to the United States Italian exporters obtained from the government 26 to 30 lire (depending on the product), instead of the normal rate of about 20 lire - a bonus of 30 to 50 percent.

Price increase: Since the demand for foodstuffs was greater than available supplies, prices rose, including the maximum prices fixed by the government for such basic foodstuffs as bread, olive oil, milk, butter, and cheese. Thus an examination of official prices for 18 food products posted in Rome at the end of May 1940 showed an increase of 33 percent over those in August 1939. Fifteen percent of the rise had taken place from September to December 1939, and 18 percent from January to May 1940. Despite government measures to prevent speculation, it was announced in February 1940 that the special police detailed to enforce food price regulations and discover hoarders had investigated 60,000 cases since September 1939.

Food rationing: Some sort of food rationing was begun in Italy as early as September 1, 1939, when the sale of coffee in any form was prohibited throughout Italy, all stocks being requisitioned for military use. On September 3 - the day on which Great Britain and France declared war on Germany - restaurants and hotels were forbidden to serve more than one order of meat or fish to any one customer. A stronger measure to conserve the country's meat supply was ordered on September 6, 1939, when the sale of meat in butcher shops and the serving of meat dishes in hotels and restaurants on Thursdays and Fridays were forbidden. On April 24, 1940, the sale or serving of meat on Wednesdays was also prohibited.

On January 5, 1940, the government announced that by January 15 food cards would be distributed to all Italians; however, the unpleasant news was skillfully coupled with the announcement that the sale of a small quantity of coffee (less than 2 ounces per person per month) would be resumed on February 1. These coffee-rationing cards became the first food ration cards in Italy.

Rationing of sugar was instituted on February 1, 1940; the amount each person could purchase was 500 grams (about 1.1 pounds) per month. This small ration caused some surprise, especially in view of previous reassuring statements to the effect that available sugar supplies were entirely adequate. It was explained, however, that part of the sugar output would be diverted from direct consumption and converted into much-needed industrial alcohol.

Thus, although individual food cards were issued in January 1940, until Italy's entrance into the war in June 1940 the actual use of the cards had been restricted to

coffee and sugar. The basis had been laid, however, for the introduction of a complete rationing system whenever this step might be deemed advisable.

In order to assure the supply of lard for military consumption, the Ministry of Corporations in May 1940 directed a large private company to purchase fat hogs and assign them to industrial plants for slaughter and lard preparation. At the same time all persons raising fat hogs were instructed to report all animals weighing over 100 kilograms (220 pounds) and to indicate the number being fattened and the time at which they would be ready for sale. The hogs reported, except those to be used by the producer's family, must be sold to the government purchasing agent.

Although the war compelled every nonbelligerent country in and near Europe to take measures to protect its agricultural supplies and to assure its foodstuffs, the measures adopted by Italy indicated its strong dependence on foreign countries for vital agricultural commodities. Thus, not only were Italians paying higher prices for less food in the summer of 1939 than in previous years, but from September 1939 to May 1940, although Italy was not at war, their economic conditions grew worse. During that period prices of most foodstuffs had risen by 33 percent; there was an acute shortage of food,[8] including fruits and vegetables which are normally plentiful; the sale of meat was prohibited on three days out of every seven; sugar and coffee were rationed; and a ban was placed on the exports of vital foodstuffs, especially of cereals and meats.

It was under this economic burden, with little or no reserves of vital agricultural products, especially of cotton, wool, rubber, cereals, oilseeds, and meats, that Italy entered the war on June 10, 1940.

ECONOMIC CONDITIONS FOLLOWING ITALY'S PARTICIPATION

Immediately after Italy declared war it was necessary to adopt further measures to safeguard the country's agricultural supplies. Further restrictions were placed on consumption and exports were prohibited. In the first few weeks of the war, however, the new measures were not strict; it was only after more than a month of warfare, when the Italian Government became less certain of the duration of the conflict, that genuine alarm was felt and more inclusive rations were adopted.

New consumption restrictions: The first new restrictions on consumption were announced within two weeks after Italy entered the war. It was decreed that effective July 1, 1940, the sale of coffee and its serving in cafes, restaurants, and hotels would be discontinued. At the same time it was decided that effective July 1, 1940, the sale of fresh pastry and ice cream would be restricted to Saturdays, Sundays, and Mondays, in order to safeguard sugars reserves and reduce fat consumption. A decree published June 23, 1940, required all owners of cattle to hold 30 percent of their animals weighing over 180 kilograms (about 400 pounds) until June 30, 1941, for possible consumption by the army. At about the same time all rice orders were

[8] Due largely to unusually heavy shipments to Germany.

required to be only partly filled to make stocks last until the new crop reached the market.

To protect the country's wheat supplies in the face of the short 1940 crop, the Ministry of Corporations on June 15, 1940, decreed that wheat producers might keep only 7 bushels a year for each member of their family, compared with 9 bushels in 1939. Bread rationing was begun in restaurants and was fixed, effective July 27, 1940, at 80 grams (2.8 ounces) per person per meal in luxury and first-class restaurants; and 150 grams (5.3 ounces) in second-, third-, and fourth-class restaurants. These rations include bread of any kind, as well as bread sticks and crackers. Furthermore, on September 21, 1940, the Ministry of Corporations announced that Italy would henceforth have only "totalitarian" bread made of flour containing more bran. Thus wheat is to yield 85 percent of flour, compared with 70 percent before this order. Ration cards are prepared, but not yet in use, for rice and alimentary pastes.

On July 30, 1940, Tuesday was added to the list of meatless days, so that meat may not now be sold or offered in public for consumption on Tuesdays, Wednesdays, Thursdays, and Fridays. The shortage of fats and oils, apparent in many sections of Italy since September 1939, was officially recognized on October 1, 1940, when restrictions were placed on the purchase of oil, lard, butter, and suet. The monthly ration per person for olive oil, a major item in the Italian diet, is now 1 pint. Three-quarters of a pound of butter, lard, or suet a month is allowed each person. The consumer, however, is given the choice of taking $1\frac{3}{4}$ pints of olive oil a month and going without butter, lard, or suet, or taking $1\frac{3}{4}$ pounds of butter, lard, or suet, and going without oil.

Aside from the shortage of foodstuffs, a lack of agricultural raw materials, especially cotton, is beginning to be felt. Since Italy's entry into the war, difficulty has been experienced in obtaining cotton. By September 1940 many textile mills had exhausted their supplies, others had enough to last only a few weeks, and even the largest mills had cotton sufficient to last them only through December. Imports had been shut off from the United States, Egypt, and Brazil, and only a few thousand bales were shipped from Turkey. The Turkish Government now demands dollar payment for its cotton shipments instead of payment on the barter basis previously used. However, this source could offer only slight relief, being far from adequate to supply Italy's requirements despite the compulsory admixture in textile manufacture of as much as 50 percent of domestic fibers.

The price situation: Another result of Italy's entrance into the war affecting the standard of living of Italians has been a further increase in the price of foodstuffs. Despite regulations prohibiting increases over the government-fixed maximum prices, these were often exceeded. To check this trend the government on July 30, 1940, blocked the prices of commodities and services in effect on that date until March 31, 1941. These blocked prices, however, were already about 40 percent higher than in August 1939.

In general, farmers have been able to obtain higher prices for products other than cereals, because cereals are more rigidly controlled by the compulsory pools.

The government, fearing that producers might for this reason shift from production of grain to production of other annual crops, decided in August 1940 to increase the prices paid by the pools. The advances ranged from a 30-percent increase over prices of the 1939-1940 season in the case of rice to 12 percent for oats. However, though the farmer now receives a higher price for his grain and is thus encouraged to maintain or even increase his cereal production, the pools will continue to sell stocks to processors at the 1939 price level. The difference will be made up by the government, which means that prices of bread, polished rice, and other foodstuffs made from those grains will not be increased. This will cost the government about 2.5 billion lire, or approximately 126 million dollars.

New export prohibitions: Still another result of Italy's participation in the war has been the prohibition of exports of all agricultural products. This regulation was decreed on July 19, 1940, when it was announced that no exports could be shipped without a specific authorization from the central government in Rome or from the local customs authorities.

The restrictions on food consumption, to be sure, are heavy for an agricultural country like Italy, even in time of war; however, they are light compared with the food rations in some countries of western Europe. On the other hand, they may be tightened if the British blockade of Italy continues unbroken.

As this is written, Italy has been at war for more than five months. Except for the despatch of troops to North Africa for the invasion of Egypt and to Albania for the attack on Greece, the call to arms has not been so disorganizing to agricultural production as though Italy had to fight a major war on her land frontiers. Most farmers are still at work on their land, and unless new and major campaigns are organized to absorb more men, it is doubtful, assuming normal weather conditions, whether the 1941 farm output will be much below average.

BRITISH BLOCKADE OF ITALY

Immediately upon her entry into the war Italy was blockaded by the British navy, especially at two of the three entrances to the Mediterranean Sea - the Strait of Gibraltar and the Suez Canal. This blockade is so effective in stopping the flow of foodstuffs and agricultural raw materials sorely needed by Italy that it has more severely disorganized the Italian economic structure than anything else the war has accomplished. More than ever is felt the truth of the often-repeated assertion of the Fascists that "If for others the Mediterranean is a route, for us Italians it is life." Despite any gains obtained in its drive for self-sufficiency, Italy must still rely on large imports of foodstuffs and agricultural and industrial raw materials, which it purchases throughout the world and which reach it chiefly through the two gates blocked by the British.

Thus, of about 24 million tons of merchandise imported into Italy in 1938, over 20 million, or about 84 percent, arrived by the sea route, and the remainder entered the country across its land frontiers. About 80 percent of the imports by sea had to pass through the Strait of Gibraltar before reaching Italian ports;

5 percent were shipped through the Suez Canal; another 5 percent through the Dardanelles, and 10 percent originated in ports of the Mediterranean Basin countries.

The importance to Italian agricultural economy of the different sea routes varies with the farm products imported. Thus in 1938 traffic through Gibraltar accounted for 46 percent of all foodstuff imports, 41 percent of the textile fibers, and 30 percent of the lumber entering Italy. Thirty-seven percent of all textile fiber imports passed through the Suez Canal. The ports of the Mediterranean Basin supplied 22 percent of the textile fibers and 16 percent of the imports of foodstuffs. Shipments through the Dardanelles were chiefly of foodstuffs and lumber.

Thus by closing the gates at Gibraltar and Suez Great Britain has cut off a large portion of Italy's imports of agricultural products. All Italian imports of coffee and meats, about 70 percent of the normal imports of cereals and 65 percent of the fats and oils have been shut off. Of the agricultural raw materials, rubber and jute are completely cut off, and 95 percent of the normal imports of raw wool, 80 percent of raw cotton, and about 75 percent of hides and skins cannot be obtained (see table 18). Moreover, the proportion of these products normally imported from countries bordering on the Mediterranean has been prevented, either by British warships or by countries allied with Great Britain, from reaching Italy. This means that cotton from Egypt and olive oil from Tunisia, Spain, and Greece have not been imported since June 10, 1940. In other words, a total of about 95 percent of the normal Italian imports of raw cotton and of fats and oils has been cut off.

Its overseas trade shut off by the blockade, Italy must now rely on markets and sources of supply that may be reached only by land, especially Germany, Switzerland, the Balkans, and northern Europe. Conferences with the object of increasing trade between the Balkans and Italy have been proceeding since Italy entered the conflict. It is difficult, however, to see how these countries could supply Italy with such products as rubber, cotton, wool, and jute. Moreover, they have no coffee and export little meat, and their excess cereals or fats and oils must be sent to Germany. After the collapse of France, the partial resumption of communication with that country was expected to bring about increased trade with Spain and Portugal, but this has been slow in getting under way.

Thus the lack of fats, oils, and meats, the three food products in which Italy is most deficient, may become more serious as the British blockade continues. In this case the Italian people may expect much stricter rations for fats and oils, and their four meatless days a week may be increased in number. Imports from Germany may make up for the deficiency in Italian sugar production, and the admixture of Italian rice and beans in bread making may temporarily solve the problem of the wheat shortage. In the case of coffee however, the prohibition of consumption is expected to be maintained as long as the British blockade remains in force.

The problem of the effects of the blockade on the food situation, though not yet serious for the country as a whole, is very acute in some sections of southern Italy and the islands. Reports from Sicily indicate that in August 1940, two months after the institution of the British blockade, bread was already being mixed with

the meal of horsebeans, resulting in a product unpalatable and difficult to digest. Fish, one of the staple articles in the Sicilian diet, were almost unobtainable; those brought from the Adriatic and the waters of northern Italy were said to be unfit for consumption on reaching Sicily. Sugar was dirty and scarce, and coffee not to be had. There was also a shortage of all other vital foodstuffs, though to a lesser degree. Moreover, the food centers maintained by the government in previous years for the children of the poor had been largely discontinued, and great numbers of the poorer classes were said to be suffering from malnutrition.

TABLE 18.—*Approximate percentage distribution in recent years of principal Italian agricultural imports, by shipping route*

PRODUCT	VIA GIBRALTAR AND SUEZ	PERCENTAGE OF TOTAL FROM MEDITERRANEAN COUNTRIES[1]	FROM EUROPE (BY RAIL)
	Percent	*Percent*	*Percent*
Raw materials:			
Cotton	80	20	0
Wool	95	5	0
Lumber	40	30	30
Rubber	100	0	0
Hides and skins	75	15	10
Jute	100	0	0
Foodstuffs:			
Cereals	70	10	20
Cattle, live	5	0	95
Fats and oils	65	30	5
Coffee	100	0	0
Meats	100	0	0
Legumes, dried	0	10	90

[1] Includes traffic through the Dardanelles.

Estimated in the Office of Foreign Agricultural Relations.

The effect of the British blockade will result in almost complete depletion of Italy's cotton reserves by the end of 1940; its supplies of wool and jute may not last much longer (see table 18). Moreover, though there are no statistics available on artificial rubber production, it is not believed the artificial product can fully replace normal crude rubber imports. An indication of the depletion of Italy's rubber supplies is given in the report at the first of September 1940 that the large Pirelli rubber company - Italy's largest producer of rubber goods - would soon be compelled to reduce its activities drastically because of lack of supplies.

It may be conjectured, therefore, whether the Italian drive into Egypt might not also have been undertaken for the purpose of replenishing Italy's diminishing supplies of cotton and vital foodstuffs. Although this drive may have been motivated by strong political reasons, there is no doubt that, if successful, it will supply Italy - and Germany - with large quantities of sorely needed cotton and with a great variety of foodstuffs, including grains, cottonseed oil, and meats.

EFFECT OF WAR ON UNITED STATES MEDITERRANEAN TRADE

United States trade with Italy: The entrance of Italy into the war has brought to a standstill its trade with the United States. American merchant vessels are forbidden to approach the shores of countries at war, and since June 10, 1940, almost no Italian merchant vessel has attempted to run the British blockade. A few small shipments of silk have been made by parcel post in recent weeks via Switzerland, unoccupied France, Spain, and Portugal, but these are a mere trickle in the normal Italian-American flow of trade.

The importance of that trade to American agriculture may be judged from the fact that in 1939 our exports of farm products to Italy accounted for over 36 percent of all United States exports to that country and represented 3.2 percent of all American farm exports, valued at more than 21 million dollars. During that year Italy ranked eighth as a world outlet for United States agricultural exports, and sixth in Europe. The outstanding item was cotton, representing over 93 percent of the farm exports to Italy, followed by lard, prunes, fresh pears, and raisins.

During the same year Italy ranked thirteenth among sources of supply for farm products imported by the United States, and was by far the principal European exporter of farm products to this country. In 1939 United States imports of agricultural products from Italy were valued at more than 21 million dollars, or about the same as the value of American exports of farm products to Italy. Imports from Italy, however, including fruits and nuts, olive oil, canned tomatoes and paste, raw silk, and wines, represented only about 2 percent of United States total agricultural imports.

United States trade with other Mediterranean countries. Italy's entrance into the war has endangered important markets for United States farm products in 14 other Mediterranean countries, as well as sources of many agricultural specialty imports. It has materially reduced direct trade between the United States and Yugoslavia, Albania, Greece, Turkey, Syria, Palestine, Egypt, Tunisia, and Algeria, as well as that between the United States and Rumania, Hungary, and Bulgaria - handled almost exclusively through the Mediterranean since the outbreak of hostilities in western Europe. Much of the United States trade with Spain and Switzerland has also been cut off.

In 1939 total exports of American farm products to these 14 countries were valued at 22.5 million dollars, representing 3.5 percent of United States agricultural exports to all countries. These exports were chiefly of cotton, tobacco, rice, wheat and wheat flour, fresh apples and pears, and hides and skins.

Normally the 14 countries together take the following percentages of American farm exports: 5.5 percent of the cotton; 2 percent of the tobacco; 5 percent of the rice; 2.5 percent of the wheat and wheat flour; and 4 percent each of the fresh apples and pears and the hides and skins. The principal markets affected, in order of importance, are Spain, Switzerland, the Danube Basin countries, Egypt, Palestine, Greece, Turkey, and French North Africa.

Exports of these 14 countries are largely agricultural, especially of such foodstuffs as dried fruits and nuts, cheese, olives and olive oil, wines, onions, licorice, pimiento, and paprika. Among the raw materials exported are oriental tobacco, cork, long-staple cotton, valonia, opium, canary seed, sheep and goat skins, and wood pulp. Although the European market is the principal outlet for most of the agricultural exports of these countries, substantial quantities find a market in the United States.

In 1939 these countries together supplied the United States with 59 million dollars' worth of agricultural products, representing 5.3 percent of all American agricultural imports. Practically all of the agricultural products imported are specialties which are not produced in this country or are imported, because of their high quality or to supply former nationals of those regions.

Normally Italy and the 14 countries referred to supply the United States with 100 percent of its imports of oriental tobacco, tomato paste, valonia, lemons, unshelled filberts, shelled almonds, olives in brine, currants, and dried figs; over 90 percent of its imports of chestnuts, shelled filberts, maraschino cherries, opium, and paprika; over 70 percent of its imports of cheese, wines, olive oil, and pistachio nuts; over 50 percent of its imports of unmanufactured cork, licorice, onions, and canary seed; and about 30 percent of its long-staple cotton imports. The principal suppliers of these imports, in order of importance, were Italy, Greece, Turkey, the Balkan countries, Spain, Egypt, Switzerland, and French North Africa.

Although United States trade with Italy has been almost completely cut off as a result of Italian participation in the war and the ensuing British blockade, a substantially reduced trade has continued with the other 14 countries affected. Unless war conditions are eased in the Mediterranean Basin, however, there is danger that that trade, too, may be further curtailed.

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